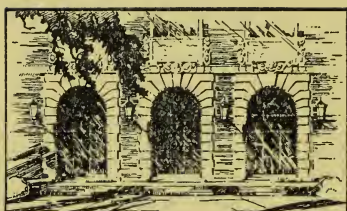


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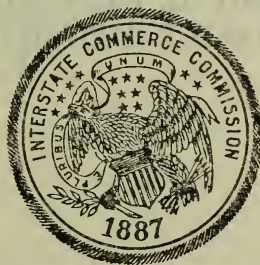
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61<sup>ST</sup> ANNUAL REPORT  
OF THE  
INTERSTATE COMMERCE  
COMMISSION



NOVEMBER 1, 1947



UNITED STATES  
GOVERNMENT PRINTING OFFICE  
WASHINGTON: 1948

## INTERSTATE COMMERCE COMMISSION

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CARROLL MILLER

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# REPORT OF THE INTERSTATE COMMERCE COMMISSION

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WASHINGTON, D. C., *November 3, 1947.*

*To the Senate and House of Representatives:*

The Interstate Commerce Commission has the honor to submit herewith its sixty-first annual report to the Congress. The period covered by this report extends from November 1, 1946, to October 31, 1947, except as otherwise noted.

A statement of appropriations and aggregate expenditures for the fiscal year ended June 30, 1947, is contained in appendix F to this report.

## TRANSPORTATION DURING THE YEAR

The processes of reconstruction following the war have made the period covered by this report one of extreme difficulty for the public carriers of this country, and for their patrons. Attempts to cope with the situation have increasingly brought the carriers, shippers, and the traveling public before us in a series of Nation-wide and district-wide controversies of great magnitude, necessarily overlapping and requiring expedition. We referred in our annual report for last year to the interaction of conflicting economic forces which then were producing issues in regulation "both novel and difficult, and of a complexity rarely, if ever before, equaled." The same statement may be made of the current year, with added emphasis.

The United States remains the only major nation wholly dedicated to the maintenance of private enterprise in the conduct of transportation. Problems of postwar adjustment in the transportation field necessarily assume more varied and complex forms here than in countries which follow other principles and administrative practices. These perplexing problems are inherent in the preservation of the institution of private conduct of transportation, which the country cherishes as consonant with the general character of our institutions, as well as for the superior and more varied services provided. The United States is not alone in experiencing rate increases in the present year.

We have felt a heavy responsibility in dealing with the unusually numerous problems which the carriers have brought to us during the



year. These problems reflect the serious, and often sudden, strains created by rising costs of labor and materials, by changes in the relations of the costs of competing forms of transportation, by technological advances which have created cost and service advantages of serious concern to less favored transportation agencies, by shifts in the location of industries, by substitutions in use-commodities, and by long-standing differences in the financial strength and basic earning power of the carriers. Interagency competition has displayed some grim aspects during the year. Shipper resistance has increased as advances in rates have been required and even cumulated. Out of these complex conditions, and in the light of the national transportation policy and other provisions of the statute, we have endeavored to plot courses of action which would best serve the public interest in both the short and the long run, and would deal fairly as between the conflicting agents for transport.

Private transportation may not be overlooked in this connection. Competition from this source on our waterways, highways, and elsewhere, already substantial, can become more serious if the rates of for-hire carriers diverge too much from the costs of private transportation. This fact is of special import not only for carriers but also for the smaller business enterprises. Decentralization or relocation of industries, and to an extent of population, the use of substitutes, recourse to foreign markets, and diminution of tonnage or travel and of revenue therefrom, are consequences when the price of transportation is forced upwards by costs to a level which the traffic will not bear. Further, there is continually stressed in proceedings before us the reflex effect of increases in transportation prices, as themselves causing further advances in wage and materials costs for the carriers, and thereby tending to a general spiraling of all prices, as well as requiring new transportation rate increases, and so on indefinitely. These considerations we have borne in mind constantly, in the light of the announced general policy of the Congress as to the enforcement of all provisions of the Interstate Commerce Act.

During the year we have considered two urgent appeals of the railroads for general increases in their freight charges, two similar appeals of the Railway Express Agency, requests for higher freight-forwarder charges and for increased passenger fares, including certain commutation fares, and for increased pullman charges, and most urgent appeals of water carriers for increases in their charges and in certain competitive rail rates, as well as for modification of important orders granting relief from the long-and-short-haul provision. These appeals have been handled with all possible expedition. So far as they have been disposed of at this writing, the increases sought have generally been granted, in whole or in part, in the absence of any evidence that

other means existed with which to meet the problems which came to us in such urgent form. Some important requests of the water carriers have had to be denied, however, as they involved conditions which could not be dealt with under our powers.

On May 12, 1947, the Supreme Court of the United States upheld our findings and order in *Class Rate Investigation, 1939*, 262 I. C. C. 447 and 264 I. C. C. 41. The interim adjustment prescribed therein became effective, with certain modifications, on August 22, 1947. The rail carriers have undertaken formulation of the Nation-wide uniform classification which we found requisite. A byproduct of the general rate increases made during the year, because of the varied proposals which received approval, has been that the bases of the rate structures in the various rate districts and regions have tended to a greater uniformity and more common level.

Rates of motor carriers of property were advanced in various of the rate territories during the war. In March and April of this year motor common-carrier rates in official territory (except New England) and in southern and western trunk-line territories were adjusted to bring them in close relation to changes then effective in rail rates under an interim order. The resulting actual increase in motor rates over their 1942 levels ranged up to 15 percent. Subsequent changes in rail and motor rates have modified to some extent the relations then established. There have been special adjustments of motor freight rates during the year and piecemeal adjustments in motor passenger fares.

The more important of these various proceedings and the steps taken in implementing our decision in *Class Rate Investigation, 1939*, *supra*, are discussed in detail at later points.

It may be noted that increases in railroad rates during World War II and the immediate postwar period have been of smaller magnitude than those which took place in the corresponding period marked by World War I. Thus, in the 5-year period which ended with the general rate increase of August 26, 1920, class rates, for example, received a cumulative advance of 111.3 percent in official territory, 53.6 percent in southern and intermountain territories, and 68.7 percent in the remainder of western territory. If the general increase now sought by the railroads were to be granted in its entirety, the effect would be to make a cumulative increase over the class-rate level of 1938 amounting to 86 percent in official territory, 41.1 percent in southern, western trunk-line, and southwestern territories, and 56.8 percent in mountain-Pacific territory. (The adjustment proposed in No. 29770, *Increased Less-Carload Rates, Official Territory*, is not taken into account in this comparison.) Also, it is significant that in the period 1915-20, substantial increases were made while

the war itself was in progress, whereas the only general increase in class rates during the period of actual hostilities in World War II, that of 6 percent, was suspended in May 1943, after being in effect about 14 months. Present railroad class rates are approximately 46.7 percent higher in official territory and 20 percent higher in southern, western trunk-line, and southwestern territories than those of 27 years ago after the general increase of 1920. Furthermore, the class rates at that time did not include pick-up and delivery service.

The high level of the volume of rail freight traffic which prevailed during World War II and which again prevails has been a large factor in the showing mentioned above. Rail passenger traffic, both coach and pullman, though it remains far above its 1939 level, fell off greatly in 1946 and has continued to fall in the present year. This year's decline is largely attributable to the return of the private passenger automobile in numbers to the highways as rationing of motor fuel and rubber has been superseded with a return of full production. Motor bus travel has declined to a moderate extent. Air travel, however, has increased. The favorable passenger operating ratio which the great volume of rail business made possible during the war has disappeared.

Motor freight transportation in the country generally is at high levels. Tons of freight reported by water carriers as a whole have been greater than in the preceding year, but they continue to be below prewar levels in the trades in which customary services were interrupted in the interest of the war effort. Pipe lines which report to us have shown a moderate increase in volume of business. The express and freight-forwarder businesses have held up well.

We are concerned about the increasing age of railroad freight cars. The average age of such cars, other than cars owned by private car lines, was about 18.95 years at the end of 1939; at the end of 1946 it had reached about 20.72 years. Cars over 25 years of age increased in this period from about 400,000 to about 548,000 and from 24.5 to 31.4 percent of all cars owned. A very low level of purchases prevailed from the period of depression in the early thirties down almost to the present. Increased efficiency of utilization before the war made it possible to do more work with fewer cars; during the war an exceptional degree of utilization was attained. The war use, which was attended to some extent by standards of maintenance below those which the railroads normally observe for cars in service, left the present equipment of the railroads older in terms of effective service life than its added age would indicate. Utilization of cars continues at a high level of intensity. Use of this older equipment results in higher maintenance and operating costs and less efficient adaptation of cars to shippers' needs than would be possible with



newer equipment. Shippers are called upon to pay the bill caused by this over-age equipment. We feel that in this respect the railroads are falling below the full measure of their common-carrier responsibility, but that the rate increases they have received may make it possible to correct this situation in large part, provided material for rehabilitation and new construction is made available.

Elsewhere in this report we discuss questions as to the provision of an adequate number of cars, and steps taken during the year in an endeavor to cope with the many emergency situations which have developed as a result of car shortages.

The equipment of motor carriers of property is increasing in supply, and is of improved design. No complaints as to the adequacy of the supply of equipment of these carriers have come to our attention. The complaints have been along the line of allegations that motor carriers have preferred the better-paying traffic, and made excuses for refusing offered traffic considered unprofitable. Passenger equipment of improved design is being placed in service by rail and motor carriers, but deliveries have been delayed by shortages of basic materials or critical parts. The problems of carriers by water, while affected to some extent by the unavailability of suitable equipment, are more largely of a different character, as noted previously. There has been a substantial building of functionally adapted craft for use in various of the river trades.

In our last annual report we referred to the many strikes in industry and transportation and to their effects. The record this year has been materially better. Our observation in that report that "the public interest requires a careful new appraisal of the possibility of avoiding strikes in transportation without unduly trespassing on the rights of contending groups" continues, nevertheless, to reflect our judgment as to the needs of the situation.

Changes in Federal tax laws have come into effect that are of substantial benefit to the carriers during the year. The level of taxes remains, however, a major concern of the carriers. We have the somewhat anomalous situation that in order for the carriers to recoup their increased costs of wages and materials, the shippers and passengers must so pay in the aggregate a very large amount from which the carriers derive no benefit, as they pass it on to the Federal and State governments as increases in taxes.

#### TRAFFIC AND EARNINGS OF TRANSPORT AGENCIES

For the 12 months ended June 30, 1947, the aggregate operating revenues of the carriers subject to our jurisdiction were \$12,362,318,000. This figure is \$262,000,000 below the figure for the calendar year 1945, which was partially a war year. The decline is the result of a drop of

\$694,000,000 in the revenues of steam railways and decreases in the revenues of the Pullman Co., electric railways, pipe lines, and motor carriers of passengers on the one hand, combined with a gain of nearly \$400,000,000 for motor carriers of property and increases for the Railway Express Agency and the water lines. The decline shown by the steam railways no doubt would have been appreciably greater except for the freight-rate increases of approximately 6 percent effective July 1, 1946, and of 11.5 percent effective January 1, 1947. The Railway Express Agency's revenues were also favorably affected by an over-all interim increase approximating 15 percent effective December 13, 1946. Private car lines and freight forwarders are not included in the accompanying table. The operating revenues of private car lines filing quarterly reports amount to \$143,958,082 for the fiscal year 1947 and those of freight forwarders to \$52,092,895 for the same period.

*Operating revenues*<sup>1</sup>

Class of carrier	12 months ended June 30, 1947		Year ended Dec. 31, 1946		Year ended Dec. 31, 1945
	Amount	Percent of calendar year 1945	Amount	Percent of calendar year 1945	Amount
	<i>Thousands</i>		<i>Thousands</i>		<i>Thousands</i>
Steam railways <sup>2</sup> .....	\$8,441,801	92.41	\$7,852,210	85.95	\$9,135,538
Railway Express Agency <sup>3</sup> .....	317,407	111.59	326,230	114.70	284,428
Pullman Co.....	122,225	82.66	136,368	92.23	147,856
Electric railways.....	79,973	91.53	78,908	90.31	87,374
Water lines.....	267,754	155.03	231,232	133.88	172,716
Pipe lines (oil).....	292,681	96.19	293,723	96.53	304,268
Motor carriers of passengers.....	609,283	93.47	655,485	100.56	651,858
Motor carriers of property.....	2,231,194	121.26	1,817,975	98.80	1,839,995
Grand total.....	12,362,318	97.93	11,392,131	90.24	12,624,033

<sup>1</sup> Partly estimated for small carriers. Some of the 1945 figures as given in the 60th annual report have been revised.

<sup>2</sup> Includes switching and terminal companies.

<sup>3</sup> After deduction of payments to others for express privileges.

Between 1945 and 1946 the total volume of intercity freight transportation declined but the volume of intercity passenger transportation increased, thus duplicating the change between 1944 and 1945. The estimated total of 883,927 million ton-miles for the calendar year 1946 was 12.8 percent below the figure of the preceding year, but the 353,776 million estimate for intercity passenger-miles was 15.7 percent higher. Both ton-miles and passenger-miles produced by the railways declined, but the latter fell off much more sharply than the former. Declines in ton-miles are also indicated for all other types of transportation agencies except motor carriers. Passenger-miles produced by private automobiles increased by over 73

billion or 41.0 percent. The passenger business of the domestic air lines continued to increase in the calendar year 1946, as it had in the year 1945. The increased volume in 1946 was in excess of 2.5 billion passenger-miles, or 76.9 percent above 1945.

Despite the large decrease in rail ton-miles, the 1946 decline in the ratio of rail ton-miles to the total produced by all carriers in intercity service was less than one-tenth of 1 percent. Stated in another way, the relative improvement in intercity ton-miles for motor carriers of property in 1946 is attributable primarily to the relative declines of the inland waterways and pipe lines, rather than the railways. The large increase in the number of passenger-miles produced by private automobiles raised the estimated total for this type of transport from about 59 percent of the grand total intercity passenger-miles in 1945 to nearly 72 percent in 1946. The proportions of total passenger-miles which were produced by the railways, the motor carriers, and the inland waterways in 1946 all declined relative to 1945. The decline in this ratio for motor carriers in 1946 was much more moderate than the severe rail decrease. Despite the huge increase in air passenger-miles between 1945 and 1946, their total volume fell considerably short of 2 percent of the 1946 passenger-miles for all carriers.

*Volume of intercity traffic, public and private, by kinds of transportation*

Agency	Ton-miles				Passenger-miles			
	1945 <sup>1</sup>	1946	Percent of grand total		1945	1946	Percent of grand total	
			1945	1946			1945	1946
	Millions	Millions			Millions	Millions		
1. Railways, steam and electric, including express and mail.....	691, 116	602, 185	68. 20	68. 13	93, 535	66, 233	30. 60	18. 72
2. Highways:								
Motor carriers of passengers.....					26, 927	25, 694	8. 81	7. 26
Private automobiles.....					179, 837	253, 570	58. 82	71. 68
Motor transportation of property.....								
Total.....	56, 155	66, 061	5. 54	7. 47				
3. Inland waterways including Great Lakes.....	56, 155	66, 061	5. 54	7. 47	206, 764	279, 264	67. 63	78. 94
4. Pipe lines (oil).....	142, 756	123, 113	14. 09	13. 93	2, 056	2, 327	. 67	. 66
5. Airways (domestic revenue service) including express and mail.....	123, 293	92, 490	12. 16	10. 46				
	92	78	. 01	. 01	3, 362	5, 947	1. 10	1. 68
Grand total.....	1, 013, 412	883, 927	100. 00	100. 00	305, 717	353, 776	100. 00	100. 00

<sup>1</sup> Some of the 1945 figures as given in the 60th annual report have been revised.

SOURCES:

1. Interstate Commerce Commission reports: Electric railway ton-miles and passenger-miles estimated on the basis of revenues. Mail ton-miles from Post Office Department are for fiscal years ended June 30.

2. Highway ton-miles for 1946 estimated on the basis of the rate of change over 1945 in intercity freight revenue. Passenger-miles of private automobiles in 1946 estimated on the basis of the rate of change in total automobile passenger-miles estimated by the National Safety Council.

3. Waterway ton-miles from Office of Chief of Engineers, U. S. Army. Waterway passenger-miles in 1946 estimated on the basis of the rate of change from 1945 in the passenger revenue.

4. Includes refined as well as crude oil with an allowance for crude oil gathering lines.

5. Civil Aeronautics Board.



As pointed out in our last annual report, there was some decline in all the more important indicators of railway physical performance from 1944 to 1945. In view of the fact that the World War did not end until August 1945, however, the decreases in these performance indicators were comparatively moderate, the largest one being only 7.62 percent for revenue ton-miles. Between 1945 and 1946 the declines of each indicator, except tons of revenue freight originated, were much more severe than between 1944 and 1945, reflecting presumably the transition from the partial war year 1945 to the full peacetime year 1946. The sharpness of these 1946 downturns were, no doubt, affected also by the relatively low production attributable to the disturbed industrial situation in the first 6 months of that year. Thus, for this first half of the calendar year the seasonably adjusted monthly index of industrial production published by the Federal Reserve Board averaged only 162 as compared with 179 in the last half. The declines in the indicators of freight-service performance from 1945 to 1946, however, were much less pronounced than in those for the passenger service. For example, tons of freight originated fell off only 4.29 percent and revenue ton-miles only 14.99 percent as compared with declines of 12.90 percent in revenue passengers and 41.81 percent in passenger miles. Ton-miles per mile of road decreased 14.63 percent but revenue passenger-miles per mile of road declined over 41 percent. For 1946 the freight-performance indicators, as shown in the accompanying table, fell from 3 to 15 percent under 1945, compared with decreases from 12 and 42 percent for the passenger indicators.

In the January-June 1947 period all the indicators of freight performance in the accompanying tables showed substantial increases over the same period in 1946 except the average length of haul, which declined 2.34 percent. These results are presumably attributable in large measure to the differences in the level of industrial activity in the two periods. Owing to the industrial disturbances in the first half of 1946 it has already been noted above that the Federal Reserve Board's monthly index of industrial production averaged 162 on a seasonally adjusted basis for the 6 months of 1946. The corresponding figure for the first 6 months of 1947 was 187. All the performance indicators for the passenger service in the first half of 1947 were below those of the first half of 1946. The percentage decreases between these two periods though very abrupt were in general somewhat less than those that occurred between 1945 and 1946.

*Railway performance changes*

Item	All railways		Class I line-haul railways, first half of 1947	
	1946	Percent 1946 under 1945	1947	Percent 1947 over (+) or under (-) 1946
Tons of revenue freight originated (thousands).....	1,431,936	4.29	(1)	-----
Revenue ton-miles (thousands).....	594,942,799	14.99	318,160,354	+16.83
Ton-miles of revenue freight per car-mile <sup>2</sup> .....	29.25	3.18	30.44	+6.73
Ton-miles of revenue freight per train-mile.....	992.95	4.18	1,059.30	+8.89
Average length of haul revenue freight.....	<sup>3</sup> 415.48	10.27	<sup>4</sup> 227.13	-2.34
Revenue ton-miles per mile of road.....	2,488,499	14.63	1,407,565	+17.09
Number of revenue passengers (thousands).....	794,824	12.90	353,741	-11.35
Total passenger-miles (thousands).....	64,753,699	41.81	22,449,171	-35.99
Average journey per passenger (per road).....	81.47	25.60	63.46	-27.81
Average revenue passenger-miles per train-mile.....	144	31.94	109	-29.26
Average revenue passenger-miles per car-mile (class I).....	25	20.00	21	-17.58
Revenue passenger-miles per mile of road (class I) <sup>5</sup> .....	288,945	41.32	139,452	-35.79

<sup>1</sup> Not available.<sup>2</sup> This average is obtained by dividing the revenue ton-miles by the total loaded car-miles, the latter figure including some cars loaded with nonrevenue freight.<sup>3</sup> All railways as a system.<sup>4</sup> Average haul per road.<sup>5</sup> Based on mileage operated in passenger service only.

Owing partly to a freight-rate increase estimated at about 6 percent effective July 1, 1946, and an additional increase of about 11½ percent which became effective January 1, 1947, the total operating revenues of the class I steam railways for the fiscal year ended June 30, 1947, were only \$700,000,000 below those of the calendar year 1945, in large part a war year, and about \$1,200,000,000 lower than the all-time peak in the war year 1944. The relatively high peacetime revenues for the 1947 fiscal year in comparison with those of the prewar period were attributable partly to freight-rate increases and partly to the continuance of a very high peacetime level of freight traffic. Passenger traffic suffered a marked decrease after the first quarter of 1946. As previously stated, the level of industrial activity rose sharply in the first half of the 1947 fiscal year (July–December 1946) above that of the preceding 6 months and was further extended in the first half of 1947, according to the seasonally adjusted monthly index of production published by the Federal Reserve Board.

In April 1946, railway wages were increased by 16 cents per hour as the result of an arbitration award, and this was followed by an award of an additional 2.5 cents per hour effective May 22. Also in both 1946 and 1947 there were numerous and frequently sharp increases in the costs of practically all the materials and supplies which are purchased by the railroads. Primarily as a result of these wage

and price increases, railway operating expenses in the 12 months ending June 30, 1947, exceeded those of the calendar year 1944 when the rail traffic reached its all-time peak. However, these increases in wages and prices as well as the heavy losses in passenger traffic and revenue were partially offset by the continued high level of freight traffic combined with the rate increases mentioned above and income tax credits of over \$100,000,000. As a result, the net railway operating income of \$834,000,000 in the fiscal year 1946-47 was only \$18,000,000 below that of the calendar year 1945 which was partially a war year. Moreover, net income for the same fiscal year was better than that reported for the 1945 calendar year by about \$65,000,000, fixed interest charges having shown an estimated decline of \$53,000,000 between the 2 years.

*Class I line-haul railways*

Item	12 months ended with June 1947	Year ending December 31—			
		1946	1945	1944	1943
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>
Railway operating revenues .....	\$8,200	\$7,628	\$8,902	\$9,437	\$9,055
Railway operating expenses .....	\$6,520	\$6,357	\$7,052	\$6,282	\$5,657
Operating ratio .....	79.52	83.35	79.21	66.57	62.48
Railway tax accruals .....	\$683	\$498	\$824	\$1,846	\$1,849
Net railway operating income .....	\$834	\$620	\$852	\$1,106	\$1,360
Fixed interest on funded debt .....	<sup>1</sup> \$312	\$354	\$365	\$395	\$422
Net income .....	\$515	\$287	\$450	\$667	\$373
Federal income and excess profits taxes .....	\$116	<sup>2</sup> \$16	\$306	\$1,304	\$1,335
Net railway operating income before provision for Federal income and excess profits taxes .....	\$950	\$604	\$1,158	\$2,410	\$2,695
Net income before provision for Federal income and excess profits taxes .....	\$631	\$271	\$756	\$1,971	\$2,208
Amortization of defense projects—Road and equipment (charged to operating expenses) .....	\$14	\$10	\$825	\$191	\$146

<sup>1</sup> Partly estimated.

<sup>2</sup> Credit.

The combined total of revenues and other income for class I railways in the fiscal year ending June 30, 1947, aggregated \$8,416,000,000. Owing partly to the price increases referred to above, the total expenses of these roads other than for wages and salaries aggregated \$2,676,000,000 in the same period. This amount is \$171,000,000 above the corresponding costs in the calendar year 1943 and is only \$57,000,000 below those for the peak traffic year 1944. Taxes of \$683,000,000, though somewhat increased by the higher pay-roll charges resulting from the wage increases in 1946, were about 63 percent below those of the war years 1943 and 1944, owing to the reductions in corporation tax rates. Partly because of these same 1946 wage awards, wages and salaries are estimated to have amounted to more than \$4,000,000,000 in the fiscal year 1947, a level which is higher than that in any war year and nearly \$1,250,000,000 above that of the first full war year 1942.



Despite this huge increase in wages and salaries since 1942, the investors' share is estimated at \$1,050,000,000 for the fiscal year 1946-47 which is only \$7,000,000 less than the figure for the calendar year 1945. This result is in no small part attributable to the freight-rate increases effective July 1, 1946 and January 1, 1947, following the April and May 1946 wage awards. Percentage-wise the wages and salaries for the fiscal year 1947 were 79.2 percent and the investors' share, 20.8 percent of the amount available for both employees and investors. If pay-roll taxes included in tax reductions are treated as an addition to wages and salaries, the amounts available for employees and investors would be raised somewhat and the percentage for investors would be proportionately lower.

*Condensed income account class I line-haul railways*

Item	12 months ended June 30, 1947	Calendar year			
		1946	1945	1944	1943
	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>	<i>Millions</i>
Revenues and other income.....	\$8,416	\$7,837	\$9,107	\$9,648	\$9,256
Cost of materials, depreciation and other expenses except wages and salaries.....	2,676	2,534	3,538	2,833	2,505
Taxes, including income, profits, and pay-roll.....	683	498	824	1,846	1,849
Total deductions.....	3,359	3,032	4,362	4,679	4,354
Remainder for employees and investors.....	5,057	4,805	4,745	4,969	4,902
Wages and salaries <sup>1</sup> .....	2 4,007	3,976	3,688	3,651	3,340
Investors' share:					
Rent for leased roads <sup>3</sup> .....	130	125	142	159	167
Interest on obligations.....	345	365	400	432	450
Other deductions <sup>4</sup> .....	60	52	65	60	72
For dividends and surplus.....	515	287	450	667	873
Percent wages and salaries.....	79.2	82.8	77.7	73.5	68.1
Percent investors' share.....	20.8	17.2	22.3	26.5	31.9

<sup>1</sup> Chargeable to operating expenses and not including pay-roll taxes as follows, in millions: 12 months ended June 30, 1947, \$299; 1946, \$254; 1945, \$231; 1944, \$231; 1943, \$212.

<sup>2</sup> Partly estimated.

<sup>3</sup> Represents largely intercompany payments among railroads, frequently in the form of interest and dividends.

<sup>4</sup> Miscellaneous deductions from income applicable to "other income" shown, contingent charges (capital and other funds); and amortization of discount on funded debt.

If all steam railways including lessor companies are treated as a single system, the percentage distribution between wages and salaries and investors' share differs somewhat from that shown for the class I roads partly because of the inclusion of a larger number of companies and partly because of the elimination of intercorporate payments through such a consolidation. On the system basis for all roads shown in the table below, the percentage distribution between wages and salaries and investors' share in the calendar year 1946 was 80.1 percent and 19.9 percent, respectively. This may be compared with the corresponding 82.8 and 17.2 percent for the class I roads unconsolidated, shown in the preceding table. In this computation also pay-roll taxes are included as taxes and not as wages in accordance with the uniform classification of accounts.

*All steam railways regarded as one system*

Item	All steam railways regarded as one system 1946
	<i>Millions</i>
Revenues and other income.....	\$7,990
Cost of materials, depreciation, and other expenses except wages and salaries.....	2,228
Taxes, including income, profits and pay-roll.....	534
Total deductions.....	2,762
Remainder for employees and investors.....	5,228
Wages and salaries.....	4,187
Investors' share:	
Rent for leased roads.....	22
Interest on obligations.....	421
Other deductions <sup>1</sup> .....	303
For dividends and surplus.....	295
Percent wages and salaries.....	80.1
Percent investors' share.....	19.9

<sup>1</sup> Miscellaneous deductions from income applicable to "other income" shown; contingent charges (capital and other funds); and amortization of discount on funded debt.

One of the incidents of the wartime prosperity of the railways was a very substantial improvement in their working capital. On July 31, 1941, before the outbreak of World War II, the net working capital of the railroads aggregated only \$775,000,000 and was only \$388,000,000 after excluding materials and supplies. By July 31, 1945, just before the end of the war, the former figure had increased more than 2½ times to \$2,009,000,000 and the latter, more than 3½ times to \$1,401,000,000. Since the close of the war, there have been substantial increases in the prices of materials and supplies as well as in other operating expenses, with a resulting reduction in working capital. As of July 31, 1947, net working capital including materials and supplies was 15.3 percent lower than on the corresponding date in 1945. If such materials and supplies are excluded from the computation, the corresponding decrease was 31.3 percent.

*Class I steam railways as of July 31*

Item	1945	1946		1947	
		Amount	Percent decrease under 1945	Amount	Percent decrease under 1945
	<i>Millions</i>	<i>Millions</i>		<i>Millions</i>	
Total current assets.....	\$5,058	\$3,760	25.7	\$3,458	31.6
Material and supplies.....	607	620	12.1	739	21.7
Total current liabilities.....	3,049	1,846	39.5	1,756	42.4
Net working capital.....	2,009	1,914	4.7	1,702	15.3
Net working capital excluding materials and supplies.....	1,401	1,294	7.6	963	31.3

<sup>1</sup> Represents increase.

Despite the high level of peacetime freight traffic for the first 7 months of 1947, there are some indications that the substantially continuous increase in the unserviceability of the railroad equipment of



class I roads since 1943 has been halted even though the check may be only temporary. Thus in the January-July period of 1947 there was a slight decrease in the percentage of unserviceable freight cars under the corresponding 1946 period. There was also an appreciable decrease in the percentage of unserviceable switching locomotives, although the corresponding percentages for both road freight and road passenger locomotives were identical in the first 7 months of both years. The average speed of passenger trains (passenger train-miles per train hour) from January through July 1947 was somewhat higher than in any corresponding period from 1943 to 1946. The average speed of the freight trains in the same 1947 period equalled the figure for 1946, which was higher than that for any of the 3 war years, 1943-45. In the first 7 months of 1947, the number of freight cars per train (freight car-miles per train-mile) for the class I roads averaged 52.5, a figure which was somewhat higher than the 51.5 cars in 1943 and 1946 but somewhat below the war years, 1944-45. Reflecting the decline in passenger business, the average of 9 passenger cars per train (passenger car-miles per train-mile) in the 1947 7-months period, however, was lower than in any one of the preceding 4 years. For the period January-July 1947 the class I roads maintained an average freight loading (freight net ton-miles per loaded car-mile) of 32.5 tons per car. This figure is higher than the load for the corresponding period in 1946 by 1.6 tons, but lower than that in 1943 by one ton. The definite decrease in passenger traffic is indicated by the average number of passengers per car (passenger-miles per car-mile) which fell from 25.6 in the first 7 months of 1946 to 21.1 in the corresponding period of 1947. The 1947 figure represents a drop of 11.5 passengers per car which is about 35 percent below the peak of 32.6 passengers per car in 1944.

*Operating averages, class I steam railways*

Average	7 months, January-July				
	1947	1946	1945	1944	1943
Freight net ton-miles per loaded car-mile.....	32.5	30.9	32.3	32.9	33.5
Freight car-miles per train-mile.....	52.5	51.5	52.8	52.9	51.5
Passenger-miles per car-mile.....	<sup>1</sup> 21.1	25.6	30.6	32.6	30.5
Passenger car-miles per train-mile.....	9.00	9.64	9.70	9.62	9.22
Train-miles per train-hour:					
Freight train.....	16.1	16.1	15.7	15.7	15.4
Passenger train.....	36.0	35.3	34.6	34.8	34.7
Percent unserviceable:					
Freight cars.....	3.9	4.1	3.1	2.5	2.4
Locomotives:					
Yard switching.....	10.3	11.2	9.1	7.9	7.6
Road freight.....	16.5	16.5	13.1	12.3	11.7
Road passenger.....	15.7	15.7	13.7	13.0	11.9

<sup>1</sup> 6-months average.

## THE COMMISSION'S PLACE IN GOVERNMENT

In 1937, in connection with the observance of the fiftieth anniversary of its creation, the Commission compiled and published a description of its functions and activities in the period 1887 to 1937. In the 10 years after 1937 the duties and powers of the Commission have been greatly expanded in scope and importance so that today they extend to the regulation of substantially all modes of public transportation except transportation by air. Subject to our jurisdiction are carriers by rail, common and contract carriers by water and by motor vehicle, common carriers by pipe line of oil and other commodities (except water and gas), private car lines, express companies, sleeping-car companies, and freight forwarders. In addition, our jurisdiction extends to private carriers of property by motor vehicle in interstate commerce in respect of safety of operation, qualifications and maximum hours of service of employees, and standards of equipment.

All of the increases in duties and powers have been conferred by acts of Congress. Under those acts, as well as under prior acts of Congress conferring duties and powers upon us, we have to a very large degree independence of action necessary for the proper discharge of the regulatory functions, subject, however, to review of our orders by the Federal courts, within certain limitations established by decisions of the Supreme Court.

In addition to amendments of the existing regulatory statutes Congress in the period 1937 to 1947, inclusive, extended our authority in 1940 to include the regulation of carriers by water, not theretofore under our jurisdiction, and in 1942 over freight forwarders. Such jurisdiction generally is similar to that exercised over rail carriers and motor carriers. In the war period, 1941 to 1945, under the emergency powers granted us in section 1 (15) and (16) of the Interstate Commerce Act we issued a very large number of emergency service orders and permits to expedite the movement of traffic, to prevent congestion and to make the fullest possible use of transportation equipment and facilities. In exercising those independent powers we worked in close association and cooperation with the Office of Defense Transportation, Army, Navy, War Production Board, and other governmental agencies.

In the Transportation Act of 1940, which, among other things, gave us authority over water carriers, Congress set forth a comprehensive declaration of a national transportation policy and directed that all the provisions of the Interstate Commerce Act should be administered and enforced with a view to carrying out that policy. That declaration and direction serve further to emphasize the large measure of independence in action which we must exercise in our regulatory functions. Such independence, however, is not without the checks and balances which govern the exercise of all powers under our system of

government. We are responsible for our acts to the Congress under its legislative and investigatory powers, to the Federal courts which have the power to set aside our orders when they find we have exceeded our powers, and to the executive authority of the President who has the power of appointment of members of the Commission and the power of removal for inefficiency, neglect of duty, or malfeasance in office. Action by us is limited to the duties, specifically delegated by Congress, which, for the most part, are quasi-legislative in their nature, calling for the application of general rules of conduct prescribed by Congress, to facts disclosed in particular cases, or for general application. Some of the duties are quasi-judicial, such as the awarding of damages resulting from violation of the regulatory statutes. Such quasi-executive functions as we have in connection with the enforcement of certain provisions of those statutes, or our own orders, are subject in some instances to the direction of the Department of Justice.

It is apparent from the very substantial additions to our powers and duties in regulatory matters granted in the past 10 years that Congress recognizes our special functions as an independent agency. It is reasonable to conclude that, in so recognizing it, Congress has had in mind the principles governing our actions laid down by the courts over the long years of the Commission's functioning, and has approved the procedures developed. Ordinarily the regulatory acts passed by Congress authorizing action by us require that public hearings be held or, as it is now more frequently expressed, that the parties concerned be granted an opportunity to be heard. The Supreme Court has held that such requirement places upon us the duty of founding our action upon the record made at the hearing. There is, consequently, the attendant duty upon us to see that the record is developed so as to bring out all of the facts necessary for an informed judgment. The importance of that duty has been emphasized in the decisions of the courts which have stated that our orders must be supported by adequate findings of fact based upon evidence. To obtain the facts we must be free to utilize our investigatory powers to the fullest extent. When, because of insufficient funds or other restrictions, we are not able to employ, in any particular investigation, such powers in the manner and degree we believe to be necessary, our functions as an administrative agency, to that extent, may be unduly curtailed. The essential character of such administrative functions and their relation to other powers of government have frequently been considered by the Supreme Court. The decisions of that Court clearly indicate the need for full opportunity on our part to act unhampered within the limits of the authority granted us by Congress.

The importance of regulatory or administrative agencies was referred to by the Supreme Court in *United States v. Morgan*, 313



U. S. 409, a case concerning an order of the Secretary of Agriculture which prescribed rates under the Packers and Stockyards Act. It said: "We are in the legislative realm of fixing rates. This is a task of striking a balance and reaching a judgment on factors beset with doubts and difficulties, uncertainty and speculation." In considering the action of the lower court in permitting the Secretary to be examined at the hearing regarding the process by which he reached his conclusions and as to the facts considered by him in making the order, the Supreme Court said: "Just as a judge cannot be subjected to such a scrutiny, \* \* \* so the integrity of the administrative process must be equally respected. It will bear repeating that although the administrative process has had a different development and pursues somewhat different ways from those of courts, they are to be deemed collaborative instrumentalities of justice and the appropriate independence of each should be respected by the other."

Substantially the same views of the Supreme Court in one form or another have been expressed in numerous cases arising under the acts we administer, including those concerning transportation by railroad under part I, transportation by motor carriers and by water carriers under parts II and III, respectively, and railroad reorganization proceedings, under section 77 of the Bankruptcy Act. For example, in *United States v. Wabash R. Co.*, 321 U. S. 403, the court, in sustaining our order in a terminal allowance case, requiring cancellation of a railroad tariff which proposed to eliminate charges for spotting cars by a line-haul carrier in the area of an industrial plant, said that the question as to where transportation by a line-haul carrier ends is an administrative one for the determination of the Commission, and when supported by evidence the finding is conclusive upon the courts. So also in a case dealing with divisions of railroad rates, *Interstate Commerce Commission v. Hoboken Manufacturers' R. Co.*, 320 U. S. 368, the Court said that, "on such an issue, at least where the Commission prescribes for the complaining party a fair return for the transportation service which it renders, the question as to what is a proper division is one for the Commission's discretion, reviewable only for unreasonableness, departure from statutory standards, or lack of evidentiary support."

In proceedings in which the question of the public interest properly is raised, the court has recognized the duty of the Commission to determine that question. In *United States v. Pierce Auto Freight Lines*, 327 U. S. 515, the court reversed the action of the district court of three judges which suspended our order, and in discussing the nature of judicial review, stated that "the courts must in a liti-

gated case, be the arbiters of the paramount public interest." The Supreme Court disagreed with that theory, saying that, "This is rather the business of the Commission, made such by the very terms of the statute." It further said that, "Unless in some specific respect there has been prejudicial departure from requirements of the law or abuse of the Commission's discretion, the reviewing court is without authority to intervene." And in *Thompson, Trustee, The St. Louis, Brownsville and Mexico Ry. Co., Debtor v. Texas Mexican Ry. Co.*, 328 U. S. 134, 148, the Court again referred to the importance of our duties affecting the public interest and said: "And it is one of the Commission's high functions to protect the public interest against unfair or oppressive financial practices which in the past led to such great havoc and disaster."

The importance of this public interest aspect of our administration of the regulatory statutes even where the policy of the antitrust laws may be involved, is strikingly shown in the decision in *McLean Trucking Co. v. United States*, 321 U. S. 67, which dealt with our order in a proceeding having to do with control and consolidation of carriers by motor vehicle. In its decision the Court stated that, "The history of the development of the special national transportation policy suggests \* \* \* that the policies of the antitrust laws determine 'the public interest' in railroad regulation only in a qualified way," and that, similarly, the legislative history of part II discloses that Congress recognized there may be occasions when competition between carriers may result in harm to the public as well as in benefit; and that the preservation of competition among carriers, although still of value, is significant chiefly as it aids in the attainment of the objectives of the national transportation policy.

In the light of the history of the regulatory statutes, the steadily increasing powers and functions of the Commission, the declaration of the special national transportation policy, and the principles of law declared by the Supreme Court in an impressively long line of decisions, there can be no doubt that the independent functioning of the Commission within well-marked limits, is now recognized and accepted as an important principle of Government in the field of regulation.

The original act to regulate commerce in 1887 provided that the Interstate Commerce Commission should report to the Secretary of the Interior. The Secretary of the Interior within a few months recommended that the Interstate Commerce Commission be made wholly independent of the executive branch of the Government. Accordingly, the act to regulate commerce was amended by act of

Congress approved March 2, 1889, 25 Stat. L. 855, so as to require the Commission to report directly to the Congress itself. All three branches of the Government, the legislative, executive, and the judicial have through appropriate statutes, orders, and recommendations and opinions cooperated in establishing the independence of the Commission. This has been done not as an end in itself but as an appropriate means toward an impartial and competent administration of the Interstate Commerce Act and related statutes. The independence on the part of the Commission as worked out by the Congress, the President, and the courts, has not meant that the Commission may act arbitrarily or be unrestricted in pursuing some preconceived notion. On the contrary, it is meant that the Commission should have every opportunity and encouragement to assemble necessary information, to acquire experience in impartial and expeditious administration, and to act promptly with informed judgment.

The Congress for years listened to statements of abuses by interstate carriers and realized that it could not, unaided, handle all the details incident to the regulation of an interstate common carrier. Again the Congress long considered the advisability of placing the enforcement of regulatory statutes in the executive branch of the Government subject to findings and orders by the courts upon adequate records made in the court of competent jurisdiction. This too was discarded because the regulation of interstate common carriers involves all the people, and in some way affects the interest of everyone, though the great majority of those affected may not know anything about it, and may not be parties to litigation in a court. It was, therefore, decided to trust the administration of the Interstate Commerce Act not to an executive department and not to a court but to an agency which would be empowered by the Congress to act as the facts and the public interest might under the statute require, using the judicial process where necessary to hold hearings and make findings. The courts have sustained the Congress and have refused to duplicate the work done by the administrative body in making investigations and findings. While the Commission thus functions as an agency of Congress and in so doing follows the pattern of the judicial process under the guidance of the courts, the power of the executive branch of the Government is available to enforce the orders of the Commission.

Essentially the Commission was created to carry out in detail the general standards or rules of conduct with regard to transportation prescribed by the legislative branch of government under its consti-



tutional power to regulate interstate commerce. Primarily, the Commission's duties are quasi-legislative. But by providing that the Commission may function only after full hearings in important classes of cases the Congress has prescribed quasi-judicial action.

The courts have held that to refuse to consider material and relevant evidence introduced, or to make an essential finding without supporting evidence, is arbitrary and for that reason, as well as others, the orders of the Commission have uniformly been held subject to judicial review.

Although the Commission is often referred to as an "independent" governmental agency, it has no power to initiate nor to determine new policies of Government. It is in fact an integral part of the governmental mechanism directed by statute to perform only special duties.

#### DEVELOPMENT OF THE ACT

The "Act to Regulate Commerce," approved February 4, 1887, and thereafter amended many times, became the "Interstate Commerce Act" by a provision in the Transportation Act, 1920, approved February 28, 1920. Originally the jurisdiction of the Commission was confined to common carriers engaged in interstate transportation wholly by railroad, or partly by railroad and partly by water. Later, its authority was extended to include common carriers by pipe line, transporting, in interstate commerce, oil or other commodity, except water and gas; and carriers by water, under the Panama Canal Act. As the act was thereafter further amended, it was amplified and enlarged by the Motor Carrier Act, 1935, approved August 9, 1935, now cited as part II of the Interstate Commerce Act.

The provisions of part II apply to the transportation of passengers or property by motor carriers engaged in interstate or foreign commerce and to the procurement and provision of facilities for such transportation, with regulation vested in the Commission. The statute distinguishes between common, contract, and private carriers, and its application varies accordingly. Special provision is made for the regulation of brokers engaged in motor transportation. The act also provides for the regulation of rates, carrier financial control, accounts, and other phases of the motor-carrier business in a manner similar to that used for regulating rail carriers in the same matters.

The Transportation Act of 1940, approved September 18, 1940, made numerous amendments to parts I and II, and added part III, which relates to carriers by water. In general form and substance part III closely resembles part II. The three parts of the Interstate

Commerce Act as a whole are cited as such, but the declaration of National Transportation Policy is outside the enumerated parts. We discussed the various amendments to the act in our fifty-fourth annual report to the Congress. Part IV, relating to freight forwarders, was added by the act of May 16, 1942. Under this part we are given broad regulatory authority over freight forwarders engaged in interstate or foreign commerce.

In 1893 the first of the safety appliance acts was enacted, which provided requirements as to power brakes, automatic couplers, and other conditions to promote the safety of employees and travelers. Provisions of the safety act were amplified by the amendments of March 2, 1903, which included definition of the number of cars in a train to be equipped with power brakes and the application to trains not moving in interstate traffic.

A summary of the remaining important supplementary legislation which affected the powers and duties of the Commission indicates the expansion in the diversity and volume of the Commission's work. By Block Signal Resolution of 1906, the Commission was directed to investigate and report on the use of and necessity for block-signal systems and appliances for the automatic control of railway trains. Under section 25 of the Interstate Commerce Act additional authority is conferred with respect to appliances, methods, and systems intended to promote safety of railroad operation. The Hours of Service Act of 1907 made certain requirements as to the consecutive number of hours in which a railway employee might lawfully remain on duty, directing the Commission to lodge with the proper district attorney of the United States information as to violations. The Ash Pan Act of 1908 made it unlawful for railways to use locomotives not equipped with ash pans which can be dumped without the necessity of the employee's going under the locomotive. Regulation pertaining to safety appliances was amplified by the act of April 14, 1910, and the Sundry Civil Appropriation Act of March 4, 1911. In 1910, the Accident Reports Act of 1901 was repealed by an act more sweeping in its requirements as to the reporting of accidents. The Locomotive Boiler Inspection Act of 1911, as amended, made it unlawful for any carrier to use any locomotive unless its boiler, tender, and all parts and appurtenances thereof were in proper condition and safe to operate. The Transportation of Explosives Act of 1908, as amended, requires the Commission to formulate regulations for the transportation of explosives and other dangerous articles.

Section 77 was added to the Bankruptcy Act on March 3, 1933. Its purpose was to provide a new method of reorganizing insolvent



railroads and railroad companies unable to meet their debts as they matured. It was enacted to afford a method of procedure preferable to the older methods under equity receiverships and foreclosures. The section was amended August 27, 1945.

We also have certain duties under various acts supplementary to the Interstate Commerce Act such as the Clayton Act (U. S. Code, title 15, sec. 12, Elkins Act, U. S. Code, title 49, sec. 41), Standard Time Act, as amended (U. S. Code, title 15, sec. 261); Medals of Honor Act (U. S. Code, title 45, sec. 44), Parcel Post Act, as amended (U. S. Code, title 39, sec. 247); Railway Mail Service Pay Acts, as amended (U. S. Code, title 39, Sec. 542 et seq.); Railway Labor Act (U. S. Code, title 45, sec. 151); Railroad Retirement Act (U. S. Code, title 45, sec. 215); the Carriers' Taxing Act of 1937 (U. S. Code, title 45, sec. 261); and Railroad Unemployment Insurance Act (U. S. Code, title 45, sec. 351).

By amendment to the Interstate Commerce Act, added September 18, 1940 (54 Stat. L. 899), it was declared to be the national transportation policy of the Congress to provide for fair and impartial regulation of all modes of transportation subject to the provisions of that act, so administered as to recognize and preserve the inherent advantages of each; to promote safe, adequate, economical, and efficient service; to encourage the establishment and maintenance of reasonable charges for transportation services, without unjust discriminations, undue preferences or advantages, or unfair or destructive competitive practices; further, that all the provisions of the act shall be administered and enforced with a view to carrying out this declaration of policy.

#### THE COMMISSION'S ORGANIZATION

In performing the above-stated duties, the Commission has pursuant to authority contained in section 17 of the Interstate Commerce Act (U. S. Code, title 49, sec. 17), divided its membership into divisions and made assignments of work among those divisions and members on a functional basis so far as that has been deemed practicable and desirable. At the present time our membership is divided into 5 divisions: Division 1, administrative division; division 2, rates, tariffs and valuation division; division 3, rates, service and safety division; division 4, finance division; and division 5, motor-carrier division. For administrative purposes in carrying out these various duties and functions, the Commission has created 15 separate bureaus. Generally speaking, the designations of these bureaus indicate the functions of each. These bureaus, each headed by a director, except

as otherwise indicated, and the number of employees assigned to each bureau as of September 30, 1947 and July 31, 1939, are as follows:

Bureaus	Employees	
	July 31, 1939	Sept. 30, 1947
Administration, headed by the Secretary.....	198	210
Accounts.....	195	67
Finance.....	57	51
Formal Cases, headed by the Chief Examiner.....	98	83
Informal Cases, headed by the Chief of Bureau.....	22	17
Inquiry.....	28	24
Law, headed by the Chief Counsel.....	30	31
Locomotive Inspection.....	93	111
Motor Carriers.....	1,246	798
Safety.....	118	129
Service <sup>1</sup> .....	40	74
Traffic.....	156	1,290
Transport Economics and Statistics.....	110	199
Valuation.....	188	116
Water Carriers and Freight Forwarders.....		22
Total.....	\$ 2,579	\$ 2,288

<sup>1</sup> Figure stated for 1939 includes 155 employees in traffic work later transferred from Bureau of Motor Carriers to Bureau of Traffic. Figure for 1947, Bureau of Traffic includes 114 employees for Motor Carriers.

<sup>2</sup> Does not include 20 employees paid for out of working fund transferred to Commission by Office of Defense Transportation.

<sup>3</sup> Does not include 11 commissioners, and 44 and 49 persons assigned to their offices and that of the Secretary for the respective periods.

Thus, the organization of the Commission and of its bureaus function as a whole in carrying out the transportation policy of the Congress.

Our total employment at the present time is much smaller than it was in the years immediately preceding World War II. As of June 30, 1939, and 1940, this employment totaled 2,626 and 2,780, respectively, and by June 30, 1941, it had increased to 2,815. From that date there has been a decided reduction. In 1942 it was 2,628; 1943, 2,263; 1944, 2,142; 1945, 2,037; 1946, 2,267; and 1947, 2,301.

We are giving constant attention to our organization, merging activities or transferring certain functions from one bureau to another when deemed in the interest of economy and efficiency. But normal and satisfactory performance within the Commission cannot be effected until more people are added to the present staff.

We have traced the development and expansion of the Interstate Commerce Act and the acts supplemental thereto and the resulting increase in our workload.

The inevitable result of this increase in workload and the concurrent decrease in personnel is that some of our work is being delayed.

#### PROGRESS OF RAILROAD REORGANIZATIONS

Two additional proceedings for reorganization of railroads under section 77 of the Bankruptcy Act were instituted during the period included in this report. These proceedings involve the Smoky Mountain Railroad, in which a plan has been filed but no hearing

held, and the Des Moines & Central Iowa Railroad, in which a hearing has been held but no plan has been issued. A petition for reorganization which had been filed prior to our last report by the Waco, Beaumont, Trinity & Sabine Railway Co. has been denied by the court, and the order of denial has been appealed. Five reorganizations were concluded through consummation of their plans of reorganization.

The proceedings for reorganization of the Middletown & Unionville Railroad Co., the St. Louis Southwestern Railway Co., the Pittsburg, Shawmut & Northern Railroad Co., and the Hoboken Manufacturers Railroad Co. have been dismissed by the district courts.

A list of all reorganization proceedings before us is shown in appendix E.

At the end of the period covered by the last report, reorganization proceedings had been instituted in the courts but no plans submitted to us for the Central Railroad Co. of New Jersey, Meridian and Bigbee River Railway Co., New Jersey & New York Railroad Co., New York, Ontario & Western Railway Co., and Pittsburg, Shawmut & Northern Railroad Co. Plans were awaiting approval of the courts for the Boston & Providence Railroad Corp., Middletown & Unionville Railroad Co., and New York, Susquehanna & Western Railroad Co. Plans for the Chicago, Rock Island & Pacific Railway Co., Missouri Pacific Railroad Co., and St. Louis Southwestern Railway Co. were pending in the courts awaiting confirmation. Plans for the Alton Railroad Co., Denver & Rio Grande Western Railroad Co., St. Louis-San Francisco Railway Co., St. Johnsbury & Lake Champlain Railway Co., and New York, New Haven & Hartford Railroad Co. had been confirmed but not consummated.

During the period covered by this report a plan for reorganization of the Duluth, South Shore & Atlantic Railway Co. was approved by us and certified to the court. A plan for the Rutland Railroad Co. was approved by us and certified to the court, but has been referred back to us by the court for further consideration because of lack of provision in the plan for a voting trust. We approved a plan for the reorganization of the Wisconsin Central Railway Co. Petitions for its modification have been filed but no decision has been issued upon the petitions.

In the proceedings for reorganization of the Florida East Coast Railway Co., after further hearings we approved a revised plan providing for acquisition in the reorganization proceeding of the debtor's properties by the Atlantic Coast Line Railroad Co. Petitions for modification of the plan and for rehearing and reargument have been filed with us and the proceeding has been reopened for reargument.

In the Missouri Pacific Railroad Co. reorganization proceeding the



Circuit Court of Appeals for the Eighth Circuit, while it had under consideration appeals from the order of the district court approving the plan, entertained motions by all of the active parties to return the plan to us for reconsideration in the light of conditions existing at the time. In this connection the court invited us to file a brief, and in response to this request we stated our opinion that the plan should be returned to us for reconsideration and revision, pointing out, among other things, the payment by court order of claims amounting to \$46,380,500 subsequent to approval of the plan by us releasing approximately \$46,651,302 of securities for distribution to other creditors or for cancellation as the court might order, extensive expenditures for improvement of the properties of the debtors, and large accumulations of cash in the treasuries of the companies as a result of recent operations. Subsequently upon mandate from the circuit court of appeals the plan was returned to us by the district court for further investigation, consideration, and recommendation. We have assigned the proceeding for further hearing on January 27, 1948.

During the period of this report we submitted the plan for the Central of Georgia Railway Co. to the creditors for acceptance or rejection. The plan later was confirmed by the court. Pursuant to a ruling by the Circuit Court of Appeals, Eighth Circuit, we submitted the plan for the Missouri Pacific Railroad Co. for acceptance or rejection. During the period of voting, however, the court ordered the plan returned to us, and we discontinued the tabulation and summarization of the votes without determining the results.

Plans of reorganization approved by us for the Boston & Providence Railroad Corp., the New York, Susquehanna & Western Railroad Co., and the Duluth, South Shore & Atlantic Railway Co. are awaiting approval by the district courts. The court confirmed the plans for the Central of Georgia Railway Co., and the Chicago, Rock Island and Pacific Railway Co. Plans for reorganization of the New York, New Haven & Hartford Railroad Co., the Alton Railroad Co., the St. Louis-San Francisco Railway Co., the Denver & Rio Grande Western Railroad Co., and the St. Johnsbury & Lake Champlain Railway Co. were consummated.

No plan has been filed with us as yet in the proceeding for reorganization of the New Jersey & New York Railroad Co. Hearings have been held, but not completed, on a plan for the Central Railroad of New Jersey and hearings have been completed on the plans for the Meridian and Bigbee River Railway Co. and the Des Moines & Central Iowa Railroad. In the Georgia, Florida & Alabama Railway Co. reorganization, hearings were held, a proposed report of an examiner issued, and exceptions filed by parties to the examiner's

report. We ordered the proceeding reopened and a further hearing has been held, but no plan has been approved.

We have disposed of a large number of petitions and motions pertaining to features of reorganization, other than the formulation of plans. These have included authorizations and modifications of previous authorizations of protective committees, the fixing of maximum limits of compensation for trustees, trustees' counsel, reorganization managers and their counsel, and of other parties and of reimbursement of expenses incurred in the various proceedings, and the acquisition of property and authority to issue securities required to consummate plans of reorganization. Public hearings not relating to the formulation of plans have been held on 8 occasions in 9 different proceedings. We have issued 22 reports and orders in collateral matters, and the proceedings in reorganization have required us to enter approximately 32 orders or certificates of general administrative character.

Since the passage of section 77 of the Bankruptcy Act, 55 proceedings have been instituted for reorganization under the section. Of these 55 proceedings, reorganization has been completed in 25 cases and the proceedings have been discontinued in 13 cases.

#### VOLUNTARY REORGANIZATIONS

Financial reorganizations always have been thought to require litigation. The traditional method of reorganizing railroads has been the receivership suit in courts of equity. It developed out of efforts of the equity courts to adjudicate the conflicting claims of parties against the assets, and at the same time to preserve the railroad as a necessary instrument of transportation in the service of the public. Years of experience with the procedure evolved by the courts led to the view that a superior remedy could be devised by legislation. The first result was the enactment of section 77 of the Bankruptcy Act in 1933 by the Congress. The Commission was made a coordinate tribunal, particularly with respect to determinations of the public interest as affected by plans of reorganization. Thus, the legislative conclusion was that reorganizations of railroads could best be accomplished through procedure combining the bankruptcy powers of the Federal courts and the administrative authority of the Commission. The act of March 3, 1933, as amended August 27, 1935, remains the latest effective legislation on the subject by Congress. However, by an act approved July 28, 1939, it added chapter XV to the Bankruptcy Act, which was effective for the initiation of proceedings until July 31, 1940, and was revived by a further act approved October 16, 1942, permitting the institution of proceedings prior to November 1, 1945. Under these enactments, chapter XV afforded a method for adjusting

the obligations of railroads and of modifying their securities without equity receivership or reorganization under section 77 of the Bankruptcy Act. In our annual reports for 1939, pages 65 to 67, and for 1942, pages 51 to 52, chapter XV and certain proceedings thereunder were described. Chapter XV prescribed procedure for modifications of securities of carriers temporarily in financial difficulty, not in need of the kind of reorganization usually effected in equity receiverships and bankruptcy reorganizations. Like section 77 of the Bankruptcy Act, it required the exercise by the Federal courts of their bankruptcy powers and by the Commission of its administrative authority. Assents to a proposed plan of adjustment by creditors holding more than two-thirds of the aggregate amount of claims affected by the plan, after the Commission's authorization of new or modified securities, were required prior to filing a petition in court for approval of a plan. The effect of the court's decree of approval was to bind all claimants, those not assenting as well as assenting. Chapter XV is not now effective for the instituting of new proceedings.

Observation and experience with equity and bankruptcy reorganizations have convinced us that lawful means for preventing their occurrence whenever possible should be provided by further legislation. Other students and observers concur in this view. Individual railroads will become insolvent in the future as the consequence of loss of traffic because of exhaustion of its sources or competition of other railroads or other means of transportation, or as a consequence of financial structures that have become too burdensome. For such cases the equity and bankruptcy procedures alone can apply the necessary, thoroughgoing remedy. On the other hand, the approach of financial hardship may be anticipated by the management in many instances well in advance of the time when litigation becomes necessary. In such circumstances sound policy calls for procedure that will afford opportunity for free negotiation between railroads and their security holders with a view to avoiding insolvency. We believe that the desired procedure may be prescribed by an amendment of the Interstate Commerce Act, extending our authority over the issue, alteration, and modification of obligations of railroads that are able to reach agreement with the holders of three-fourths or more in amounts of obligations to be altered or modified. By such legislation the threat of impending financial crisis would be removed without litigation, except such as might result from judicial review of our orders.

In our annual reports for 1943, page 76, for 1945, pages 22 to 24, and for 1946, pages 24 to 27, we discussed the reasons for our view that in the public interest, in the interests of the railroads, their creditors, employees, and in furtherance of the national transportation



policy as declared by the Congress in 1940, legislation to facilitate and legalize the accomplishing of voluntary reorganizations of the character outlined should be enacted. The full discussion in our annual report for 1946 need not be repeated. We believe that our views were substantially concurred in by the Eightieth Congress at its first session. The House of Representatives passed a bill (H. R. 2298), adding a new section, 20b, to the Interstate Commerce Act. In its report (No. 502) recommending passage of the bill the House Committee on Interstate and Foreign Commerce stated that the bill provided—

a procedure whereby railroads not in bankruptcy or receivership may, under certain specified circumstances, with the approval of the Interstate Commerce Commission, alter or modify their obligations (i. e. bonds, debentures, or other evidences of indebtedness; or mortgages, indentures, or other like instruments under which obligations have been issued or by which obligations are secured) with the assent of the holders of 75 percent of such obligations.

Referring in its report to the need for the legislation the Committee stated:

This Committee is convinced of the necessity for providing a procedure whereby voluntary reorganizations may be less expensively accomplished, subject to the approval of the Interstate Commerce Commission, under legislation affording proper safeguards with the maximum of protection for the public, railroads, and investors. This bill provides such a procedure.

As passed by the House, the bill provided for the initiation of proceedings by the filing of an application with the Commission asking for its approval of proposed alterations or modifications of obligations and the instruments pursuant to which the obligations were issued or by which they were secured, the holding of a hearing, the making of specific findings by the Commission, the submission by the applicant in the manner directed by the Commission of the proposed alterations or modifications with such terms, conditions, and amendments as the Commission might determine to be just and reasonable, to the holders of each class of its obligations affected thereby for acceptance or rejection, the finding by the Commission that the proposed alteration or modification has been assented to by the holders of at least 75 percent of the aggregate principal amount outstanding of each class of obligations affected thereby (or such larger percentage as the Commission should determine in case the 75 percent was held by fewer than 25 holders), and finally the entry of an order by the Commission approving and authorizing the proposed alteration or modification upon the terms and conditions and with the amendments, if any, determined to be just and reasonable. Alterations or modifications accomplished pursuant to the prescribed procedure would be binding upon each holder of any obligation of the carrier of each class affected

by such alteration or modification and upon any trustee or other party to any instrument under which any such class of obligations shall have been issued or by which it is secured.

H. R. 2298 was not passed by the Senate before adjournment in July. However, the Senate Committee on Interstate and Foreign Commerce filed its report, No. 472, recommending certain amendments and that as amended the bill should pass. No vote was taken on the bill in the Senate. The Senate Committee's report shows that the amendments proposed by the Committee would broaden the legislation to cover modifications of stocks as well as obligations, for the reason that certain witnesses testified that some railroads with large arrearages of unpaid dividends on preferred stock would be unable to alter or modify their financial structures under the bill as passed by the House. We believe that legislation of the character indicated would be highly beneficial in its effect.

#### CHANGES IN STEAM RAILWAY NETWORK, 1920-46

On January 1, 1920, all classes of line-haul steam railways in the United States owned 253,152 miles of road (first main track), compared with 226,438 miles on December 31, 1946, a net decrease of approximately 26,714 miles, or 10.55 percent.

From January 1, 1920 to December 31, 1946, approximately 4 miles of railroad were abandoned for every new mile constructed. For the period 1930-46, however, 12.6 miles were abandoned for every mile constructed. In the 27-year period, the railways reported, 8,369 miles of construction and 33,524 miles of abandonments. The net decrease in railway mileage resulting from abandonment and construction was 25,155 miles. The difference of about 1,559 miles between this decrease and the 26,714 miles mentioned above is the result of relocation and reclassification of lines. Miles constructed per year ranged from 1 mile in 1939 to 946 miles in 1928, and averaged about 310 miles per year. Miles of road actually abandoned ranged from 381 miles in 1946 to 2,886 miles in 1942, and averaged approximately 1,242 miles per year.

The approximately 33,524 miles of line abandoned from 1920 through 1946 were furnishing varying types of service or no service. The exact mileage lost in each type of service would be extremely difficult to determine. Data given in a study of our Bureau of Transport Economics and Statistics, brought up to date, give some indication, however, of the types of rail service discontinued through authorized abandonments.

From January 1, 1935 to September 15, 1947, we authorized the



abandonment of approximately 18,653 miles of railroad, as shown in the accompanying table. Of this total, about 9,749 miles, or approximately 52.26 percent, constituted lines supplying both freight and passenger service of some kind. This type of service ranged from separate scheduled freight and passenger service to mixed-train service on reduced schedules, or to mixed-train service with passengers carried in a caboose or in a day coach serving as a caboose. Freight service only was being given on about 4,297 miles, or about 23.04 percent, at the time of the authorization. The scheduled freight service given on these lines varied considerably from line to line. In some instances several round trips were being performed daily. Other lines provided service two or three times per week. A few scheduled one trip per week in each direction.

The next largest group consisted of those lines or parts of lines which supplied no service or for which no information as to service was reported. The mileage involved here amounted to about 3,355 miles, or approximately 17.99 percent of the total mileage authorized for abandonment.

About 1,186 miles, or 6.36 percent, were in "freight-on-call" service. This type of service is that in which the carrier ran an engine (usually a switch engine) and a few cars over the line when carload business offered.

*Types of rail service supplied by lines of railroad authorized by the Interstate Commerce Commission to be abandoned, January 1, 1935 to September 15, 1947<sup>1</sup>*

Year	Freight and passenger <sup>2</sup>		Freight only		Freight on call		Passenger only		None or not indicated		Total	
	Number of miles	Per cent	Number of miles	Per cent	Number of miles	Per cent	Number of miles	Per cent	Number of miles	Per cent	Number of miles	Per cent
1935.....	711.82	49.30	413.36	28.63	49.93	3.46	21.05	1.46	247.55	17.15	1,443.71	100
1936.....	1,092.90	59.82	372.73	20.40	-----	-----	6.00	.33	355.23	19.45	1,826.86	100
1937.....	946.67	57.60	276.35	16.82	179.39	10.92	-----	-----	240.97	14.66	1,643.38	100
1938.....	906.96	48.91	575.67	31.04	225.77	12.17	9.10	.49	137.00	7.39	1,854.50	100
1939.....	1,461.00	78.66	192.51	10.37	23.83	1.28	-----	-----	179.91	9.69	1,857.25	100
1940.....	1,330.43	75.37	248.26	14.07	3.90	.22	21.41	1.21	161.20	9.13	1,765.20	100
1941.....	1,126.71	59.23	535.82	28.17	4.64	.24	-----	-----	235.24	12.36	1,902.41	100
1942.....	639.13	28.57	539.01	24.09	341.48	15.27	4.05	.18	713.42	31.89	2,237.09	100
1943.....	735.82	53.44	294.86	21.41	17.20	1.25	3.31	.24	325.78	23.66	1,376.97	100
1944 <sup>3</sup> .....	357.08	53.46	151.69	22.71	83.89	12.56	-----	-----	75.26	11.27	667.92	100
1945.....	162.35	28.44	267.83	45.17	95.81	16.79	.46	.08	54.31	9.52	570.76	100
1946.....	186.75	22.04	182.14	21.50	99.84	11.78	.99	.12	377.54	44.66	847.26	100
1947 <sup>4</sup> .....	91.39	13.85	257.05	38.94	60.21	9.12	-----	-----	251.44	38.09	660.09	100
Total.....	9,749.01	52.26	4,297.28	23.04	1,185.89	6.36	66.37	.35	3,354.85	17.99	18,653.40	100
Average per year.....	764.63	52.26	337.04	23.04	93.01	6.36	5.21	.35	263.13	17.99	1,463.01	100

<sup>1</sup> Data for 1935-43 are from Bureau of Transport Economics and Statistics, "Railroad Abandonments, 1920-1943," Statement No. 453, January 1945, table 7. Data for all years were compiled from Finance Reports of the Commission. Table does not include abandonments of ferries, or abandonments of trackage rights exclusively.

<sup>2</sup> Includes mixed train service.

<sup>3</sup> Figures for years 1944 to date have been adjusted for net changes in mileage incident to relocation of lines.

<sup>4</sup> To September 15.

Authorized abandonments which involved passenger service only were of minor importance. From January 1, 1935, to September 15, 1947, only 66 miles were in this classification, or 0.35 percent of the total mileage for the period.

The distribution of types of service indicated above approximates that noted in the above-mentioned study for the period January 1, 1935, to December 31, 1943. In that period, 56.27 percent of the mileage in authorized abandonments was in freight and passenger service, 21.68 percent in freight service only, 16.32 percent not in service or no information as to service indicated, 5.32 percent in freight-on-call service, and 0.41 percent in passenger service only.

Great improvements have been made in the last 25 years in the character and quality of the railway plant. There has been a very substantial increase in the miles of track protected by automatic block signals and a corresponding decrease in the mileage protected by nonautomatic signals, the latter having been more than cut in half between 1920 and 1947. Automatic train-stop, train-control, and cab-signal devices are in use on nearly 21,000 miles of track, compared with only 300 miles in 1920.

*Signals and train control, all railways*

Item	On Jan. 1—	
	1920	1947
Miles of track protected by:		
Automatic block signals.....	60,992	101,167
Nonautomatic block signals.....	70,857	34,548
Automatic train-stop, train-control, and cab-signal devices.....	300	20,727

In the 10 years, 1920–29, the number of treated ties laid was slightly less than 59 percent of the total. In the period 1940–47 more than 90 percent of the ties laid were treated.

*Cross ties laid in replacement, class I steam railways*

Period	Percent treated ties of total
Year 1920–29.....	58.63
Year 1930–39.....	77.65
Year 1940–46.....	90.93

Similarly in 1920 the average weight of rail was slightly over 82 pounds per yard. By 1946 it was close to 100 pounds.

*Average weight of rail per yard in all main tracks, class I steam railways*

Period	Pounds
Year 1920.....	82.24
Year 1930.....	90.78
Year 1940.....	95.30
Year 1946.....	99.39

In 1920 the average capacity of freight cars was 42.4 tons. By 1946 it had risen to 51.3 tons, an increase of 21 percent. In 1920 the proportion of freight-train cars and passenger-train cars constructed of steel was less than 30 percent for either passenger-train cars or freight-carrying cars. By 1946 the percentage for passenger-train cars had almost trebled. Although the relative increase in steel cars was not as great in freight service as in the passenger service, the proportion of the latter had more than doubled. In the same period, the average tractive effort of locomotives rose from 36,365 pounds per locomotive in 1920 to 54,051 pounds, an increase of 49 percent.

*Relative changes in character of equipment, class I steam railways*

Period	Average capacity of freight cars	Freight-carrying cars	Passenger-train cars	Average tractive effort of locomotives
	<i>Tons</i>	<i>Percent steel</i>	<i>Percent steel</i>	<i>Pounds</i>
Year 1920.....	42.4	27.1	28.2	36,365
Year 1930.....	46.9	37.5	55.7	45,285
Year 1940.....	50.0	57.8	79.1	51,095
Year 1946.....	51.3	67.8	83.9	54,051

**INCREASED RAILWAY RATES, FARES, AND CHARGES, 1946**

When our last annual report was issued we had just completed extensive hearings and oral arguments in *Increased Railway Rates, Fares, and Charges, 1946, Ex Parte No. 162*, concerning the railroads', water carriers', and freight forwarders' petitions for a general increase in freight rates averaging about 20 percent and the petition of the railroads for authority to continue their present passenger fares and charges. In our report of June 20, 1946, *Increased Railway Rates, Fares, and Charges, 1946*, 264 I. C. C. 695, we authorized temporary interim increases which became effective July 1, 1946. In a report on further hearing issued December 5, 1946, in that proceeding, 266 I. C. C. 537, we authorized increases in the line-haul rates and charges on a general basis of 20 percent for commodities other than those specially treated. Some flat increases were authorized and some percentage



increases were made subject to a maximum amount. On some basic agricultural products, on livestock, and on protective service (refrigerator and heater service) charges, an increase of 15 percent was authorized. In some cases, particularly on iron and steel products and on coal, we authorized greater increases than those proposed by the carriers. On coal, blocks of flat increases varying with the basic rates were authorized. No increase was authorized in the rates on iron ore to the upper lake ports. The full amount of increase proposed, namely 25 percent, was authorized for various special services and on class rates within official territory. The over-all average increase authorized in freight revenue was estimated to be about 17.9 percent.

The increases became effective January 1, 1947, and superseded the interim increases which had been in effect since July 1, 1946. The railroads had sought increases in freight rates and charges which, at the current traffic volume, would have yielded them approximately \$1,000,000,000 in additional revenue, on an annual basis. Our decision of December 5, 1946, permitted increases which, because of increased volume of traffic in 1947, they estimate in their original petition in *Ex Parte No. 166, Increased Freight Rates, 1947*, will yield approximately \$1,200,000,000 annually.

We also withdrew the time limitation upon the authorization of a 10-percent increase in passenger fares which became effective February 10, 1942.

The methods for applying the increases authorized in *Ex Parte 162* have been generally satisfactory to both shippers and carriers. The various State commissions have generally authorized similar increases in intrastate freight rates except in Alabama, Tennessee, and Arizona. Investigations under section 13 (3) and (4) of the act are pending with respect to *Ex Parte No. 162* increases in Tennessee and Arizona, and a petition for a similar investigation concerning *Ex Parte No. 162* increases in Alabama has been filed.

The railroads filed a petition July 3, 1947, asking further increases in freight rates, and similar petitions were filed by water carriers and freight forwarders. On July 24, 1947, we entered an order of investigation in *Ex Parte No. 166, Increased Freight Rates, 1947*, which will be dealt with under a separate heading.

In our second supplemental report in No. 28300, *Class Rate Investigation, 1939*, decided July 7, 1947, which embraced also *Ex Parte No. 162, Increased Railway Rates, Fares and Charges, 1946*, in so far as that proceeding related to increases in class rates within the territory embraced in No. 28300, we authorized increases of 22½ percent in the interim class rates prescribed in *Class Rate Investigation, 1939*, 262 I. C. C. 41, in lieu of general increases in class rates authorized in *Ex*

*Parte No. 162*, effective January 1, 1947, and modified accordingly our last report and order in *Ex Parte No. 162* of December 5, 1946. The prescribed interim class rates increased 22½ percent became effective August 22, 1947, in all territories, generally speaking, east of the Rocky Mountains.

#### INCREASED FREIGHT RATES, 1947

Substantially all the class I railroads and numerous other railroads, by petition filed July 3, 1947, as amended July 23, 1947, and as supplemented and further amended September 5, 1947, asked for authority to increase their freight rates and charges, including the rates and charges on milk and cream in passenger service, in amounts ranging up to 38 percent. Various water carriers and freight forwarders intervened asking similar relief.

Upon consideration of the original petition, as amended July 23, 1947, we instituted an investigation by order of July 24, 1947, into and concerning the reasonableness and lawfulness of further increases in freight rates and charges of petitioning carriers and intervening petitioners, *Increased Freight Rates, 1947, Ex Parte No. 166*.

In accordance with section 13 (3) of the Interstate Commerce Act, we invited the cooperation of the State regulatory commissions. Their committee, consisting of Commissioners Mason of Ohio, Holmberg of Minnesota, Potter of California, and Knight of Louisiana, sat with division 2 throughout the initial hearing beginning September 9 and sat with us upon oral argument. We had the benefit of their counsel in reaching our conclusion.

Special rules of procedure were adopted which were intended to provide the fullest possible hearing by the incorporation in the record of affidavits and oral testimony. The testimony in chief of the petitioners was required to be submitted in writing on August 20, 1947, in advance of the hearing, and all parties so requesting were supplied with copies of this testimony, including exhibits.

At the initial hearing beginning September 9, the railroads filed a motion for a 10-percent temporary increase pending decision upon their petition, except that they proposed increases of 10 cents per net ton or 11 cents per gross ton in the line-haul rates on coal and coke and 10 cents per ton, net or gross as rated, in the line-haul rates on iron ore. Other interveners joined in this motion.

The evidence introduced at the initial hearing was directed chiefly, but not solely, to the motion of petitioners for the temporary increase of 10 percent with the exceptions noted. Oral argument was heard separately on the motion by the entire Commission.

In our report and order of October 6, 1947, we authorized a tempo-

rary interim increase of 10 percent in all basic freight rates and charges of petitioning carriers, including rates and charges for the transportation of milk and cream in passenger service, with the following exceptions: The increases proposed in the charges for protective services were not shown to be just and reasonable; the line-haul rates on iron ore were authorized to be increased 10 cents per ton, net or gross as rated, except that no increase was authorized in the line-haul rates to or handling charges at the upper lake ports; line-haul rates on coal and coke, including lignite, were authorized to be increased 10 cents per net ton or 11 cents per gross ton. The increased freight rates and charges became effective October 13, 1947, on 3 days' notice as authorized by our order.

Further hearings in this proceeding in each of the four major rate territories will begin immediately after the end of the period covered by this report.

#### INCREASED EXPRESS RATES AND CHARGES, 1946

On June 24, 1946, the Railway Express Agency filed a petition seeking an investigation into the level of its then existing rates and charges, and to authorize, as interim relief, increases in those rates and charges to offset increased wages of its employees, railroad retirement and unemployment insurance taxes, and increased costs of material and supplies, office rents, and drayage.

The Express Agency proposed (a) to increase all less-than-carload, first-class, and commodity rates per 100 pounds, with minor exceptions, by 20 cents, and second-class rates by 15 cents per 100 pounds; (b) to revise graduated charges on shipments under 100 pounds to the basis of the pound rates, plus 50 cents; (c) to increase all minimum charges and all package charges other than those based on first- and second-class rates by 30 cents, and (d) to increase money rates by 20 cents per \$1,000, and all money classification charges by 30 cents. It also proposed to cancel a charge of 10 cents a shipment, with one minor exception, previously authorized, if the proposed increases were approved.

Hearings were conducted at various points throughout the country beginning July 29, 1946, and ending August 12, 1946. The entire Commission heard oral argument September 16, 1946. A cooperating committee of State commissioners appointed by the president of the National Association of Railroad and Utilities Commissioners, consisting of Commissioners J. W. Cornell of Idaho, J. C. Darby of South Carolina, and Carl W. Reed of Iowa, participated in the proceeding.

In our first report, 266 I. C. C. 369, decided October 28, 1946, we found that the proposed increased rates and charges would be just and reasonable for temporary application, and authorized their es-



tablishment for a period of 1 year, or until our further order, provided that within 6 months from the date on which the new rates became effective the Express Agency would make a representative traffic test for the purpose of determining the effect of the increased rates and charges and would present to us the results of that test together with its proposal as to a basis of lawful rates for the future. These increased rates and charges became effective December 13, 1946.

On March 10, 1947, the Express Agency filed a second petition urging that due to increased wages, pay-roll taxes, and costs for fuel and other supplies, the operating expenses of the railroads had greatly increased. Based on the anticipated volume of traffic, it estimated that under the temporary rates the maximum payments it could make to the railroads for handling express traffic in 1947 would fall short by at least \$70,000,000 of adequately compensating the railroads for their services. In lieu of the three scales of first-class rates then in effect, two new scales were proposed, one for application within and between zones 1 and 2, designated the eastern-southern scale, and the other scale to apply within zone 3 and between points in that zone and points in zones 1 and 2, designated the western scale. The proposed second-class rates were 75 percent of the first-class rates. A new scale of package rates on shipments weighing from 1 to 100 pounds was proposed, and the increases in commodity rates authorized October 28, 1946, were continued.

Further hearings were held at Washington, D. C., on June 10 and 11, and July 8, 1947. The cooperating committee of State commissioners continued their participation in the further hearings, with W. T. Brooks of Arizona acting instead of J. W. Cornell of Idaho. They concurred in the ultimate findings in our report.

Under the proposed scales the greatest increases in the main-block first-class hundred-pound rates were in zone 1 with lesser increases in zone 2 and still smaller increases in zone 3. The spread in rates between zones 1 and 2 was eliminated, and between western territory and the eastern and southern territories the spread was substantially reduced. For the average hauls of about 400 miles in zone 1, 300 miles in zone 2, and 450 miles in zone 3, the proposed increases were 36.21 percent in zone 1, 27.86 percent in zone 2, and 17.73 percent in zone 3. The proposed rates were intended to increase express privilege payments to the railroads by substantially \$51,000,000 of which approximately \$31,500,000 would accrue to the eastern carriers, \$6,500,000 to the southern carriers, and \$13,000,000 to the western carriers.

In our second report, 269 I. C. C. 161, decided September 23, 1947, we concluded that the evidence as a whole clearly established petitioner's need for the additional revenue sought, and that the proposed

scales would effect a substantial improvement in the relation of rates in the three territories and give recognition to the greater revenue deficiency in the eastern and southern territories than in western territory. But since petitioner had not fully complied with the admonition in our first report that it propose a basis of rates and charges for the future which would result in a more consistent gradation of rates with distances in the several zones, we required it to consider further the formulation of a single scale for Nation-wide application, and to institute studies similar to those made in the early part of 1947 to determine the effect on its traffic and revenues of the rates proposed and of the rates under such single Nation-wide scale as might be formulated, the results of these studies together with the scale to be submitted to us on or before July 1, 1948.

Subject to the conditions just stated, we found that petitioner's proposals had been justified and that the increased rates and charges would be just and reasonable for temporary application for a period of 1 year, or until our further order.

#### RAILROAD PASSENGER FARES

A temporary increase of 10 percent in basic fares was authorized by us in 1942, resulting in maximum fares of 2.2 cents per mile in coaches and 3.3 cents per mile in parlor and sleeping cars. Upon request of the railroads this increase was continued without expiration date by our report and order of December 5, 1946, in *Increased Railway Rates, Fares, and Charges, 1946*, 266 I. C. C. 537. Prior to 1942 railroad passenger service was generally operated at a deficit, but during the war years, 1942-1945, substantial earnings were derived therefrom, primarily because of the large and unprecedented volume of passenger transportation incident to the war. Since the close of hostilities, travel has substantially declined although it is still greater than in any previous peacetime period. This decline, coupled with rapidly increasing operating expenses and taxes, has again produced a revenue deficit from the railroad passenger service.

Early in 1947 the interstate one-way basic or standard fares of railroads in the eastern district were increased generally from 2.2 to 2.5 cents per mile in coaches, or by about 13.63 percent, and from 3.3 to 3.5 cents in parlor and sleeping cars, or by about 6.06 percent, after hearing, pursuant to our approval in *Increased Passenger Fares, New Haven Railroad*, 268 I. C. C. 303, and *Increased Passenger Fares, Eastern Railroads*, 268 I. C. C. 457. Increased commutation and multiple fares of the principal railroads in the eastern district have become effective, after hearing, pursuant to our approval given September 5, 1947. Similar increases in all types of fares have generally become effective on intrastate travel throughout the eastern

district. The total increases thus authorized, based on the estimated travel for 1947, amount to about \$46,000,000 in the basic or standard fares, and about \$9,000,000 in the commutation or multiple fares.

On October 6, 1947, certain railroads in the southern region, after hearing, were authorized to make similar increases in their basic fares, resulting in a total increase, based on the estimated travel for 1947, of about \$7,000,000. Railroads in the western district which generally maintained coach fares lower than the maximum basis of 2.2 cents per mile were authorized to increase such fares to the maximum basis, and we now have a request from them, which has been set for hearing, for authority to increase their fares in parlor and sleeping cars from 3.3 to 3.5 cents per mile. We also have a petition, which has been heard but not decided, from the New York, New Haven & Hartford Railroad Co. for authority to increase its fares in coaches by a further 15 percent. Increases have also been authorized in the charges for pullman accommodations throughout the country.

#### BUS FARES AND CHARGES

In our last annual report we pointed out that we had instituted an investigation, No. MC-C-550, Investigation of Bus Fares, into and concerning the reasonableness, and the lawfulness otherwise, of the fares and charges of class I motor carriers of passengers with a view to insuring adequate and efficient interstate bus transportation service at fares and charges which are just and reasonable and lawful otherwise. Since that time prehearing conferences with the carriers and other interested parties and the initial hearing have been held in Washington, D. C. Regional hearings also have been held in Boston, Mass., Seattle, Wash., San Francisco, Calif., and Atlanta, Ga., and others are now scheduled. As permitted by section 205 (f) of the Interstate Commerce Act, we invited the cooperation of the State regulatory commissions, and a cooperating committee of State commissioners, consisting of Commissioners Erickson of Colorado, McWhorter of Georgia, Stiles of Kansas, and Boswell of New Jersey, was appointed by the president of the National Association of Railroad and Utilities Commissioners.

The changes during the past year in the volume of traffic, revenues, expenses, and income of class I intercity and local or suburban motor carriers of passengers are discussed elsewhere in this report.

#### RAILWAY MAIL PAY

On February 19, 1947, practically all of the railroads which carry United States mail filed a petition, supplemented April 17, 1947, for an order, under the Railway Mail Service Pay Act of July 28, 1916 (U. S. Code, title 39, secs. 542-554 inclusive), increasing the present



rates and compensation for carrying mail matter and the service connected therewith by 45 percent. The increased revenue sought based on 1946 mail service payments would approximate \$60,000,000.

On May 5, 1947, we instituted an investigation into the issues raised by the petitions. Several prehearing conferences between the parties and our representatives were followed by hearings in July, September, and October 1947. The rail carriers completed their presentation in July, except that certain short lines introduced some testimony at the October hearing. The Post Office Department was granted additional time to prepare its defense. Upon the insistence of that Department the concluding hearing has been postponed to a date to be later fixed.

At the close of the July hearing the petitioners moved for an interim increase in their present mail pay rates and compensation of not less than 35 percent pending final determination of the proceeding, to which the Post Office Department has filed objection. That motion was argued orally before us on October 27, 1947, and is now under advisement.

### INVESTIGATIONS

Reports have been published in the following investigations of general interest instituted on our own motion:

Ex Parte No. 72 (Sub-No. 1), *Regulations Concerning Employees Under Railway Labor Act*, 266 I. C. C. 85, 268 I. C. C. 55.

Ex Parte No. 137, *Contracts for Protective Services*, decided June 19, 1947, 269 I. C. C. —.

Ex Parte No. 148, *Increased Railway Rates, Fares, and Charges, 1942*; Ex Parte No. 162, *Increased Railway Rates, Fares, and Charges, 1946*, 266 I. C. C. 537, 268 I. C. C. 169.

No. 10122, *Standard Time Zone Investigation*, decided August 25, 1947, 269 I. C. C. 57.

Ex Parte No. 155, *Ownership of Stock in Freight Forwarders*, 265 I. C. C. 73.

No. 28300, *Class Rate Investigation, 1939*, decided July 7, 1947, 268 I. C. C. 577.

No. 29140, *Accounting for Post Driving and Grouting*, 268 I. C. C. 211.

No. 29335, *Grain and Products from Oregon, Idaho, and Utah to Pacific Coast*, decided July 25, 1947, 268 I. C. C. 707.

No. 29400, *Status of Napierville Junction Railway Co.*, 266 I. C. C. 471.

No. 29543, *Appliances and Systems to Promote Safety of Operation*, 268 I. C. C. 547.

No. 29548, *Switching Charges at Western Points*, decided August 1, 1947, 268 I. C. C. 740.

No. 29663, *Transcontinental Rail Rates*, decided June 26, 1947, 268 I. C. C. 567.

No. 29664, *Intercoastal Water Rates*, decided June 26, 1947, *id.*

No. 29669, *Car Service, Freight Cars*, decided July 25, 1947, 268 I. C. C. 687.

No. 29670, *Increased Per Diem Charge on Freight Cars*, decided July 25, 1947, 268 I. C. C. 659.

No. 29708, *All-Rail, Water-Rail, and Rail-Water Rates between Pacific Coast Ports and Interior Points*, decided June 26, 1947, 268 I. C. C. 567.

No. 29678, *Increased Passenger Fares, New Haven Railroad*, 268 I. C. C. 303; 457, also decision dated September 5, 1947, 269 I. C. C. —.

No. 29711, *Increased Passenger Fares, Eastern Railroads*, 268 I. C. C. 457, also decision dated September 5, 1947, 269 I. C. C. 87.

No. 29721, *All Rail Commodity Rates Between Calif., Oreg., and Wash.*, decided June 27, 1947, 268 I. C. C. 515.

No. 29722, *Pacific Coastwise Water Rates*, decided June 27, 1947, *id.*

No. MC-C-360, *Minimum Class Rate Restrictions*, decided July 9, 1947, 47 M. C. C. —.

Ex Parte No. MC-4, *Motor Carrier Safety Regulations*, decided February 27, 1947, 46 M. C. C. 781.

Ex Parte No. MC-37, *Commercial Zones and Terminal Areas*, 46 M. C. C. 665.

In No. 29485, Accounting by the Baltimore and Ohio R. R. Co. for Acquisition of Toledo and Cincinnati R. R. Co., Hamilton Belt Ry. Co. and Lima Belt Ry. Co., No. 29595, Coarse Grain for Feeding in Western Trunk Line Territory, and No. 29598, Joint Rates, Northern Pacific-Puget Sound Nav. Co., the investigations were discontinued.

Other investigations are pending, some of the more important of which are the following:

Ex Parte No. 128, Investigation of South Buffalo Railway Co.

Ex Parte No. 160, Pacific Coast Wholesalers' Association, Investigation of Status.

Ex Parte No. 165, Problems in The Regulation of Domestic Transportation by Water.

Ex Parte No. 166, Increased Freight Rates, 1947.

No. 20769, Charges for Protective Service to Perishable Freight.

No. 26570, Reduced Pipe Line Rates and Gathering Charges.

No. 26712, Rail and Barge Joint Rates.

No. 28863, Rates on Wool and Mohair.

Ex Parte No. 104, Practices of Carriers Affecting Operating Revenues or Expenses, Part II, Terminal Service, A. E. Staley Co.

No. 29468, Refrigerator Cars, Basis of Car Hire.

No. 29493, Freight Forwarders, Motor Common Carriers Agreements.

No. 29555, Pick Up and Delivery Services of Railroads.

No. 29556, Charges on Small Shipments by Railroads.

No. 29590, Redemption of Sleeping and Parlor Car Tickets.

No. 29599, New Orleans Public Belt Railroad Switching.

No. 29645, Transcontinental Rates and Estimated Weights on Vegetables.

No. 29663, Transcontinental Rail Rates.

No. 29664, Intercoastal Water Rates.

No. 29708, All-Rail, Water-Rail, and Rail-Water Rates Between Pacific Coast Ports and Interior Points.

No. 29721, All-Rail Commodity Rates Between California, Oregon, and Washington.

No. 29722, Pacific Coastwise Water Rates.

No. 29762, Allowances for Pick Up and Delivery at Kansas City.

No. 29763, Allowances for Pick Up and Delivery at Twin Cities.

No. 29764, Allowances for Pick Up and Delivery at Seattle.

No. 29765, Allowances for Pick Up and Delivery at Portland.

- No. 29766, Switching Allowances to La. Central Lumber Co.
- No. 29770, Increased Less-than-Carload Rates, Official Territory.
- No. 29785, Increased Passenger Fares, Southern Railroads.
- No. 29796, Increased Coach Fares, Southern Railroads.
- No. 29827, Increased Coach Fares, New Haven Railroad.
- No. MC-C-150, Motor Freight Classifications.
- No. MC-C-200, Motor Carrier Class Rate Investigation.
- No. MC-C-542, Pick Up and Delivery Services by Motor Carriers.
- No. MC-C-543, Charges on Small Shipments by Motor Carriers.
- No. MC-C-550, Investigation of Bus Fares.
- No. 29677, Minimum Rates on Rail Traffic between North and South.
- No. 29679, Express Earnings, Plan and Method of Division.
- No. 29862, Increased Passenger Fares—Western Railroads.

### INTRASTATE RATE CASES

A report has been published in the following investigation instituted under section 13 (3) of the act.

- No. 28791, *Rates on Road Aggregates Within Georgia*, 256 I. C. C. 475.

The following proceedings instituted by us under section 13 (3) of the act are pending.

- No. 29723, New Jersey Intrastate Commutation Fares.
- No. 29729, Increases in Arizona Freight Rates and Charges.
- No. 29791, Intrastate Coal Rates to Alton and East St. Louis.
- No. 29800, Increases in Tennessee Freight Rates and Charges.
- No. 29845, Increases in Alabama Freight Rates and Charges.
- No. 29846, Texas Rates on Wheat and Articles Taking Wheat Rates.

### TERMINAL UNIFICATION

In our annual reports for 1918 and 1919 we called attention to the importance of terminal unification as a means of avoiding wasteful practices, but at that time we were without power to require a rail carrier to "give the use of its tracks or terminal facilities to another engaged in like business."

Upon our recommendation, the Congress in 1920 amended the Interstate Commerce Act so as to permit us, under certain conditions, to require the common use of terminal facilities. (Sec. 3 (5) of the Interstate Commerce Act.)

On this subject in our 1922 annual report we stated: (p. 25)

The subject of terminal expense is one of growing importance because of the complexity of terminal operation incident to commercial and industrial activity concentrated in large and growing cities. Delays in transportation are traceable in the main to terminal handling, not to the line haul, and terminal expenses seem out of proportion to line-haul costs.

Rising costs of railroad operation and delays in the movement of cars in times of serious car shortages have served to emphasize again the need for a greater degree of terminal unification than has been



achieved up to this time. Increased operating costs in recent years have fallen with particular severity on terminal operations. For example, over the period extending from 1939 to 1945 the terminal costs increased out of proportion to the increased traffic volume, even after adjustment for general changes in wage and price levels. Thus, while line-haul operating costs increased roughly in proportion to the increased gross-ton-miles of traffic handled, the increase in yard-switching costs was 20 or 30 percent greater than the increase in the number of carloads handled. In the eastern district the disparity was substantially greater. Terminal costs in the handling of less-than-carload traffic also increased disproportionately to the increase in tonnage.

This problem was given exhaustive study by the Federal Coordinator of Transportation in 1933-36. His staff, composed of men with practical experience in rail transportation collaborating with committees of railroad officials, made a study of more than 5,000 projects. The total potential savings estimated by the coordinator in 1935 were about \$56,000,000 annually. Undoubtedly the savings would be much greater at the present time. Nevertheless, persistent efforts by the coordinator to bring about unification through voluntary action by the railroads failed, and in February, 1936, he issued an order making mandatory the unification of terminals in 11 named cities. This order became nugatory upon expiration of the statute under which it was entered in June 1936.

Heretofore the principal obstacles to unification of terminal facilities and operations have been either passive or active resistance on the part of railroads having advantageous locations in terminal areas and the opposition of employees whose jobs would be affected. Another complication is due to the fact that terminal properties which would be abandoned are often subject to mortgages securing bonds. These difficulties are formidable and thus far have prevented any important accomplishments in terminal unification. Since World War II, this problem has taken on added significance because of a rising spiral of costs and the efforts of the rail carriers to solve such problems by general rate increases.

Section 3 (5) of the Interstate Commerce Act before mentioned is not sufficiently broad to deal with all phases of the situation. In the first place, the question is not confined simply to the use of one carrier's facilities by another. It is rather a problem of unifying terminal properties of several carriers in a manner that will permit the consolidation of the properties under a common ownership, the elimination of duplications, the coordination of operations, and the adequate protection of labor. The present law is not sufficiently comprehensive to accomplish such purposes.

## RAILROAD SLEEPING CAR SERVICE

In our last annual report under this heading, we referred to the order of the District Court for the Eastern District of Pennsylvania in *United States v. Pullman Company* (50 Fed. Supp. 123, 53 Fed. Supp. 908, and 64 Fed. Supp. 108), approving the contract of Pullman, Inc., for the sale of the Pullman Co. stock to a group of railroads, subject to various conditions designed to prevent repetition of certain practices of the Pullman Co. which the court condemned. An appeal from this order by the United States and certain of the intervening plaintiffs was then pending in the Supreme Court. In a memorandum opinion rendered March 31, 1947, 330 U. S. 806, the order of the district court was affirmed, by an equally divided court. A petition for rehearing was denied April 28, 1947, 331 U. S. 865.

On May 6, 1947, we issued our report upon the pooling application of the railroads, 268 I. C. C. 473. We found that all the applicants had assented to the pooling of railroad service and earnings involved in the conduct of the sleeping-car business as proposed in the application, that the proposed pooling would be in the interest of better service to the public and economy in operation, and would not unduly restrain competition. We authorized and approved the proposal, subject to certain conditions which we found just and reasonable.

This pooling arrangement, which became effective July 1, 1947, it appears, will be operative only for a limited period, as the railroads have stated it to be their intention to reduce the Pullman Co. into, or sell its properties to, a sleeping-car service corporation within a so-called interim period to end not later than December 31, 1948.

## CLASS RATE AND CLASSIFICATION INVESTIGATIONS

The course of these investigations has been described in previous annual reports. The interim order referred to in the last report, which was contested by most of the States in official territory and by the railroads in the western district (with certain exceptions), was fully sustained by the Supreme Court in an opinion rendered on May 12, 1947, in *State of New York v. United States*, 331 U. S. 284. (See the chapter dealing with the work of the Bureau of Law at page 80.)

Pursuant to its opinion the Supreme Court issued a mandate directing that the injunction of the district court staying our order be vacated. Thereafter, in a supplemental report, dated July 7, 1947, in No. 28300, *Class Rate Investigation, 1939*, 268 I. C. C. 577, embracing also *Ex parte No. 162, Increased Railway Rates, Fares, and Charges, 1946*, 264 I. C. C. 695 and 266 I. C. C. 537, we discussed a petition on behalf of States in official territory praying that the prescribed rates not be made effective which was denied, and the



respondent carriers were required to establish the interim rates. In addition, modifying prior findings in *Ex parte 162*, we authorized the respondents to increase uniformly all of the prescribed rates 22.5 percent, and such rates became effective August 22, 1947.

Thus, it will be seen that important progress has been made during the past year toward rate equalization and the removal of regional rate differences.

Substantial progress has also been made toward a uniform classification. The railroad committee in charge of this work recently issued a proposal containing its preliminary recommendations with respect to one segment of ratings, rules, and regulations, which were the subject of committee hearings at various points to elicit the views of shippers and other interested parties for guidance of the committee in its final plan. A similar course will be followed in dealing with other segments of the classification, and ultimately the new uniform classification will be presented to us for our consideration.

Two complaints which seek revised class rates to, from, and within mountain-Pacific territory subject to the uniform classification have recently been filed, No. 29819 by the State of Washington and No. 29820 by the Pacific Traffic Bureau, an organization of shippers. Hearings on these complaints have not as yet been held.

#### SMALL SHIPMENTS

Some salient facts pertaining to the transportation of small shipments (weighing not more than 300 pounds) were stated in our Sixtieth Annual Report, pages 38-40. The first hearing in the proceedings there mentioned, No. 29556, Charges on Small Shipments by Railroads, and No. MC-C-543, Charges on Small Shipments by Motor Carriers, was held in November, 1946. At that hearing, among other things, evidence bearing on a cost formula for motor carriers and a cost, traffic, and revenue analysis pertaining to the transportation of small shipments by motor carriers in western trunk-line and southern territories was presented by a member of our staff. The railroad and motor-carrier respondents and interested shippers were not prepared to offer evidence at that time. Since then elaborate studies of a similar character have been undertaken by the rail and motor carriers in collaboration with our cost section. It is expected that evidence based on these studies will be available for presentation at another hearing in the next few months.

In the report on further hearing in *Ex parte No. 162, Increased Railway Rates, Fares, and Charges, 1946*, 266 I. C. C. 537, we approved an increased minimum charge of \$1 per minimum shipment, an increased minimum charge per car in line-haul service of \$20, and a minimum line-haul rate of 50 cents for service which includes pick-up



and delivery service, effective January 1, 1947. In Investigation and Suspension Docket No. M-2240, Minimum Charges in Central Territory, 47 M. C. C. 259, decided July 17, 1947, certain increased motor common carrier minimum charges per shipment were approved for application between points in central, eastern, trunk-line, and New England territories.

#### **LESS-THAN-CARLOAD RATE PROPOSAL**

By petition dated May 29, 1947, substantially all common carriers by railroad and water operating within official classification territory and between that territory and northern Illinois, extended zone C in Wisconsin and in eastern Canada, requested leave to file and make effective upon statutory notice, schedules of increased class rates applicable to less-than-carload and any-quantity freight traffic within the territory described. Upon consideration of the petition we reached the conclusion that it should be assigned for hearing. Accordingly, the petition was docketed as No. 29770, Increased Less-Than-Carload Rates, Official Territory, and hearings were begun by division 2 in September, 1947.

The proposal represents a departure from traditional practice in the publication of rates on less-than-carload traffic. Heretofore class rates and most of the exception rates within official territory, as in other territories, have been predicated upon distance scales applicable to both carload and less-than-carload (including any-quantity) traffic. The proposed rates would apply only to less-than-carload traffic and the fourth-class rates would be the minimum rates on such traffic.

The principal reasons underlying the proposal as stated in the petition are: (1) According to studies which the petitioners have made the costs of handling less-than-carload traffic are substantially greater than the revenues therefrom; (2) the impact of increased labor costs has fallen more heavily upon less-than-carload than upon carload traffic, particularly for the shorter distances because more terminal service is necessary, the loading and unloading is performed by the carriers, and pick-up and delivery service is rendered without additional charge; (3), the financial returns of the petitioners in 1946 and 1947 have been unsatisfactory, having produced much less than a fair return on their investment, and to an important extent this condition is attributable to losses on less-than-carload traffic, and, (4), less-than-carload traffic should pay its own way and bear its fair share of the transportation burden.

#### **PICK-UP AND DELIVERY SERVICE**

In our last annual report we described the occasion for the entry of our orders of June 10, 1946, instituting investigations, under Dockets No. 29555, Pick-Up and Delivery Services by Railroads, and No.

MC-C-542, Pick-Up and Delivery Services by Motor Carriers, into the reasonableness and lawfulness otherwise of rates, charges, rules, regulations, and practices of class I common carriers by railroad and all common carriers by motor vehicle subject to the Interstate Commerce Act. A 3-day hearing was held at Chicago in February of this year, but it became apparent that neither the general public nor the carriers could proceed readily until the results of studies of the traffic and costs of the carriers involved were made known.

On April 11, 1947, class I steam railways (excluding switching and terminal companies) were ordered to compile and furnish to this Commission traffic and cost data required in this investigation, and on July 10, 1947, class I common carriers by motor vehicle engaged in intercity service as carriers of general commodities, which had an annual gross operating revenue for the year 1946 of \$400,000 or more, were ordered to compile and furnish to the Commission certain traffic data required in the investigation. The rail returns of the traffic and cost inquiry have been received and are in process of editing, tabulating, and analysis. A majority of the motor carriers have filed traffic returns, and these are now receiving attention. The motor carriers are voluntarily making territorial-wide cost studies in the central States, Southwest, intermountain, and Pacific coast territories. Other cost studies made by the Commission's staff have been or will be introduced covering western trunk-line, southern, and middle-Atlantic territories. Hearings will be resumed as soon as possible after this information is all made available in exhibit form.

Since the beginning of free pick-up and delivery service by the rail and motor carriers of less-than-carload freight more than 10 years ago, such carriers, particularly in the West and South, have had contracts with many warehousemen and pool-car distributors under which they pay such persons various amounts for picking up and delivering less-than-carload freight which originates on the warehouseman's premises or elsewhere. The carriers generally also have tariff provisions for payment to consignors, consignees, or their agents of an allowance of 5 cents per 100 pounds where such persons perform their own pick-up or delivery service.

In a decision of the United States District Court for the Northern District of Oklahoma, on a complaint filed by our Bureau of Motor Carriers, that court held that, where a warehouseman acts in the capacity of consignor or agent of the latter in arranging for transportation of freight, he is entitled only to the published tariff allowance which the shipper would otherwise receive. In a similar case the United States District Court for the Northern District Court of Alabama held that the warehouseman is the agent of the carrier from the time when freight is loaded on the trucks of the warehouseman at its docks until the freight is delivered to the carrier's station, and that

the warehouseman, therefore, is entitled to the pick-up compensation provided for in its contract with the carrier.

The conflict between these decisions has resulted in uncertainty as to the relations between warehousemen and carriers generally in respect of this matter, and we therefore recently instituted investigations concerning the situation as presented particularly at Kansas City, Mo.-Kans., St. Paul and Minneapolis, Minn., Seattle, Wash., and Portland, Oreg.

### **LAWS RELATING TO RAILROAD LABOR**

As shown in our annual reports for previous years, the Railway Labor Act, the Railroad Retirement Act, the Railroad Unemployment Insurance Act, and the Carriers Taxing Act authorize us, under certain conditions, to determine whether any line operated by electric power falls within the terms of the provisions of these statutes, which exempt street, interurban, or suburban electric railways therefrom. During the current year, as the result of a petition filed with us by interested parties, we found that the South Brooklyn Railway Company did not come within the terms of the exemption provisos.

The Railway Labor Act also authorizes us to amend or interpret our orders defining the work of employees and subordinate officials of common carriers by railroad. Since our last report, on reargument we affirmed our prior findings, defining the work of certain classes of employees of the Union Pacific Railroad Co. as that of subordinate officials.

### **WATER CARRIER CONDITIONS AND EMERGENCY SERVICE**

Shipping in the coastwise, intercoastal, and Great Lakes trades has continued to be affected by adverse economic and attendant conditions. The prospects for substantial revivals of service in these trades appear not materially different from those reported in our last annual report. The United States Maritime Commission, which had been operating under temporary authority granted by us, discontinued Government-operated service in the coastwise and intercoastal trades on July 1, 1947. Since that time, limited-scale private operations have been resumed in the Atlantic-Gulf and the intercoastal trades, but so far there have been no revivals of common-carrier operations in the relatively short-voyage Atlantic coast trade and in Pacific coastwise service. Private operators have been deterred by financial considerations, and this appears to have been particularly true with respect to the last-named trades.

All of the certificated intercoastal lines resumed private operation



after withdrawal of the Maritime Commission, but the plans of the operators are not yet fixed, and the scale of these operations in the coming year is uncertain. Indications point to the probability that there will be about 56 vessels operated on round voyages in this service during the remainder of 1947 which approximates the number operated by the Maritime Commission and one-third the number in operation prior to the war.

Three general cargo carriers are operating 14 vessels in the Atlantic and Gulf trades, compared with some 15 lines which operated approximately 125 vessels prior to the war. Three other carriers resumed operation in this trade following discontinuance of service for the Maritime Commission but withdrew after a few voyages because of heavy losses. There has been no appreciable resumption of service by the Great Lakes general cargo carriers, whose competitive situation seems to be similar to that of the Atlantic-coast and Pacific-coast carriers.

With exceptions in certain sections, water carriers on the inland waterways, other than the Great Lakes, have made progress in stabilizing their operations. In certain areas there has been a rise in tonnage due largely to increases in exempt movements. Some barge lines are acquiring new equipment. There are indications that in general some improvement in net operating results can be expected. The upward trend of competitive rail rates will aid all inland-water carriers.

In general it appears that revival of domestic shipping to a degree approaching the prewar scale cannot be anticipated until there is an improvement in the relationship between supply and demand and between costs and revenues. Recent general increases in railroad rates have of course been of some benefit to water carriers in the latter respect.

During the year the number of applications filed by water carriers for temporary operating authority to meet emergencies was 78 or approximately 70 percent in excess of the number received during the preceding year. This increase was due in part to the shortage of general transportation facilities.

#### WATER COMPETITIVE RATES

In our last annual report, pages 32-34, we referred to the request of the United States Maritime Commission for an investigation of the lawfulness of the railroad rates and practices so far as they are competitive with domestic water rates and practices. We outlined the practical difficulties of initiating and promptly determining a proceeding of such great magnitude and complexity as that requested. After hearing oral argument dealing with the scope of the proposed

investigation, certain procedural aspects, and the specific commodities and territories to be embraced, we instituted five separate investigations.

No. 29663, Transcontinental Rail Rates, and No. 29664, Intercoastal Water Rates, were instituted by our orders of December 12, 1946. The former is an investigation into the reasonableness of rail rates on numerous specified commodities between the Pacific coast and eastern transcontinental groups. No. 29664 relates to the reasonableness of the corresponding water rates between Atlantic and Pacific ports. No. 29708, All-Water, Water-Rail, and Rail-Water Rates between Pacific Coast Ports and Interior Points, was instituted February 20, 1947, and supplements the other two investigations with respect to the rates on certain commodities between interior points in the Mississippi Valley and the Pacific coast via New Orleans.

On March 27, 1947, two more investigations were initiated, No. 29721, All-Rail Commodity Rates Between California, Oregon, and Washington, and No. 29722, Pacific Coastwise Water Rates, in which we brought in issue the reasonableness of all-rail rates on numerous commodities between California points and points in Oregon and Washington and the corresponding coastwise water rates. As the hearings progressed, it became evident that the extent and character of the relief from section 4 provided by our orders then outstanding in Pacific Coast Fourth Section Applications (Fourth Section Applications Nos. 13457 et al.) was inextricably interwoven with the adjustment of rail rates along the Pacific coast. Accordingly those proceedings, which had previously been reopened, were set for hearing along with the two investigations mentioned above.

An investigation of the corresponding water rates, it should be noted, had not been suggested by the moving parties but was deemed necessary by us as both the rail rates and the water rates affect the competitive situation between the two groups of carriers.

Prior to the hearings the rail and the water respondents differed sharply as to the need for readjustment of their respective rates. In general, the water lines urged that the rail rates should be materially increased, presumably by a minimum-rate order, but at the same time they stated that, until they were informed as to the probable level of the increased rail rates, they would be unable to indicate the extent of any proposed increase in their own rates, for which apparently they considered a minimum-rate order undesirable. The rail respondents, on the other hand, appeared not averse to considering some increases in their own rates but professed complete inability to make a proposal without knowing what might be done with the water rates, and were strongly opposed to any mandatory increase in the rail rates. This impasse seemed likely to result in lengthy and inconclusive hearings.



Since it appeared that the two groups of respondents were deterred from any mutual consideration of proposals by fear of prosecution under the Sherman Antitrust Act, the Maritime Commission obtained from the Attorney General an expression to the effect that representatives of the interested carriers would not be charged with violations of that act if at the direction of this Commission they conferred for the purpose of considering proposals of readjustment of rates to be passed on in these proceedings. Upon motion of the Maritime Commission reciting these facts we thereupon directed the respondents to confer for the mutual consideration of their proposals and "to submit to this Commission, without prejudice to any party in interest, proposals of adjustment in the form of suggested rates which they are prepared to defend as just and reasonable in conformity with the rules of rate-making set forth in sections 15a (2) and 307 (f) of the Interstate Commerce Act." After so conferring, the respective groups of respondents announced their proposals, which were made the subject of extensive evidence at the subsequent hearings held in Washington in the latter part of April and in San Francisco the last week in May.

On June 26, 1947, we issued our first reports in these investigations, 268 I. C. C. 515 and 567. Revised rail rates, resulting from our findings and orders in these proceedings, became effective on August 15, 1947, as to the transcontinental adjustment, and on September 15, 1947, with respect to certain features of the Pacific coast adjustment. Both of these adjustments gave effect to such proposals of the respective rail respondents as were found not unlawful. In addition, the Pacific coast adjustment embraced a comprehensive revision of rates made necessary by our cancellation of the fourth-section relief previously granted on the ground of water competition between the Pacific coast ports. A further revision of the rail rates on the Pacific coast to conform to our findings and suggestions is in the course of preparation by the rail respondents. All of these investigations have been held open for such further proceedings as may be required in the light of the proposals made in conformity with these decisions.

In our last annual report reference was made to our order requiring rail-carrier applicants in some 95 applications to show cause why orders granting relief from the provisions of section 4 (1) should not be vacated or modified. We also stated that in 33 of the applications the rail carriers had already consented to rescission of the outstanding relief. Dealing with the remaining applications, as of May 19, 1947, we ordered the outstanding relief continued on 19 applications, and in 32 others ordered hearings held. These applications involved rates largely in the Atlantic and Gulf competitive area. This action was in addition to that taken in Pacific Coast Fourth Section Applications referred to above.



Responsive to our supplemental show-cause order dated June 17, 1947, seven additional applications were withdrawn by rail carriers.

Upon petition of American Waterways Operators, Inc., and others operating barges principally on inland waters, we have recently issued a similar order requiring rail applicants to show cause why outstanding orders of relief in 11 proceedings, embracing 43 applications, should not be vacated or modified.

By order of October 29, 1947, upon consideration of petitions filed by certain water lines engaged in the Atlantic-Gulf service, we reopened certain proceedings in which we had prescribed maximum reasonable class and commodity rates for rail-ocean, ocean-rail, and rail-ocean-rail service between points in the Southwest and points along the Atlantic seaboard, together with the proceeding involving the divisions of such rates. These proceedings include the ocean-rail phases of *Consolidated Southwestern Cases*, 123 I. C. C. 203, 211 I. C. C. 601, 222 I. C. C. 229, and *Bull S. S. Line v. Abilene & S. Ry. Co.*, 237 I. C. C. 15, 241 I. C. C. 501, and 251 I. C. C. 475, where we prescribed the general basis for rates over these rail-ocean routes, *Tex-O-Kan Flour Mills Co. v. Abilene & S. Ry. Co.*, 241 I. C. C. 243, 255 I. C. C. 5, and 263 I. C. C. 91, in which we prescribed joint through rail-ocean rates on grain and its products from southwestern origins to the North Atlantic ports, and *Agwilines, Inc., v. Akron, C. & Y. Ry. Co.*, 248 I. C. C. 255 and 266 I. C. C. 78, in which we prescribed reasonable and equitable divisions of the joint through ocean-rail class rates and certain commodity rates. These proceedings will be set for hearing shortly.

#### SUGGESTED AMENDMENTS OF PART III OF THE ACT

Experience since the war has indicated that certain amendments to part III of the act, discussed below, might permit administration of those parts in a manner better to carry out the spirit of the national transportation policy declared in the act.

#### REVOCATION OF WATER CARRIER CERTIFICATES OR PERMITS

Part III does not provide revocation authority and procedure such as are found in part II and part IV of the act. Statements of the Supreme Court in *United States v. Seatrain Lines, Inc.*, 329 U. S. 424, decided January 6, 1947, indicate that we are without authority to revoke certificates or permits in whole or in part, once they have become effective and the time fixed for requesting rehearing or reconsideration has passed. A number of certificates and permits are outstanding which are not being used in whole or in part. Probably in many of such instances the nonuse is not willful but due to conditions which may reasonably be regarded as beyond the control of

the holders. Changes in economic conditions since the beginning of the war have materially affected the operations of many water carriers and their ability to provide service. How long these conditions may continue cannot be foreseen. There are instances in which applications are pending for authority to institute new operations between ports which carriers not now in operation are authorized to serve. The existence of unused authorities which the Commission apparently is without power to revoke makes it difficult to determine to what extent duplicating new authorities should be granted in view of the danger of an eventual surplus of competitive service which might be injurious to the carriers and the public in general. We believe that water carriers should have reasonable protection against loss of their operating rights where abnormal or special conditions have hindered resumption or continuance of operations. However, we do not believe it to be in the public interest that certificates and permits be wholly beyond administrative scrutiny and control. Accordingly, consideration should be given to the desirability of amending part III of the act by adding thereto revocation provisions similar in substance to those in section 212 (a) of part II and section 410 (f) of part IV.

#### OFFSHORE PASSENGER OPERATIONS

Section 302 (i) (1) defines transportation in interstate or foreign commerce as the transportation of persons or property "wholly by water from a place in a State to a place in any other State, whether or not such transportation takes place wholly in the United States." Prior to the war there was vacation cruise travel from ports in the United States to various foreign ports, including round-the-world cruises, with termination of the cruise at a port in another State. This type of operation and travel is beginning to revive. The primary objective of the travelers is not to get to the port of termination of the cruise but to spend time on the water and visit foreign places. Such transportation is not in general competitive with other modes of transportation subject to the act, and we doubt whether the Congress had it in mind when part III was enacted. Nevertheless, cruises of the type described appear to come within the definition of transportation by water subject to the act. Accordingly, consideration should be given to the desirability of amending part III so as to authorize the Commission by order, from time to time upon application, to exempt from the requirements of that part the transportation of passengers between points in the United States by way of foreign ports, upon a finding that application of such requirements thereto is not necessary to carry out the national transportation policy.



**MOTOR CARRIER ACCOUNTING**

Effective regulation of the accounting practices of motor carriers of passengers and property began January 1, 1938, when, pursuant to the authority contained in sections 204 (a), 220 and 222 of the Interstate Commerce Act, uniform systems of accounts were prescribed for class I motor carriers of passengers and property. For the purpose of prescribing Uniform Systems of Accounts carriers have been grouped into three classes, based on annual gross operating revenues from motor-carrier operations, viz: Class I, \$100,000 or over; Class II, \$25,000 or over but less than \$100,000; and Class III, less than \$25,000. In the same year quarterly and annual reports were also prescribed for class I carriers. The number of class I motor carriers has increased from 1,177 in 1938 to 2,441 at the end of 1946. Systems of accounts have not as yet been prescribed for class II and class III motor carriers because of inadequate appropriations and personnel to undertake the educational work involved. The exact number of carriers falling in classes II and III at this time is not available, but from information obtained in prior years it is estimated that there are about 5,000 carriers in class II and about 15,000 carriers in class III. While the class II and class III carriers represent approximately 88 percent of the total number subject to our general jurisdiction, their gross revenues represent considerably less than one-half of the combined revenues of such carriers.

Practical application of the Uniform Systems of Accounts by class I motor carriers over the past 9 years has demonstrated the desirability of making certain revisions in their texts, including editorial changes for the purpose of clarifying definitions, instructions and accounts as well as the simplification of some of the accounting procedures. A tentative draft of a revised system of accounts for class I motor carriers of property has been prepared and sent to the carriers and other interested parties for examination and comment, with a view to making the revised system effective January 1, 1948.

In spite of the reluctance of carrier management to incur expense in keeping accounting and other records during the early years of regulation, there has been a gradual improvement in the quality of accounting records and reports. This is due in part to the realization by management of the importance of adequate records essential to the efficient management of their business and the maintenance of compensatory rates.

In response to a petition filed by the American Trucking Associations, Inc., we have required class I carriers of property with gross revenues of \$400,000 or more per annum engaged predominantly in the intercity transportation of general commodities to supply additional accounting and statistical data which are necessary in the



compilation of rate scales. These data were required to be compiled for the 9 months ended December 31, 1946, and for 1947, and reported in supplemental schedules to the annual report. It is probable that the requirement will be continued.

At present, our systems of accounts have been adopted by 20 State public utility commissions for carriers operating solely in intrastate commerce in those States.

### **BROKERS OF MOTOR CARRIER TRANSPORTATION**

In our annual report of last year we commented on the regulation of brokers of transportation by motor carrier and referred to an investigation, *Ex Parte No. MC-39, Practices of Property Brokers*, which had been instituted looking to the prescription of rules and regulations governing the operations of brokers of transportation of property by motor vehicle. This investigation, which was then pending after exceptions to an examiner's proposed report, developed a number of important and difficult questions, as follows: (1) Whether we should prescribe rules and regulations so stringent as probably to effect substantial elimination of brokers of property from the motor transportation field; (2) whether the varying practices of brokers of transportation of household goods and those of brokers of transportation of property other than of household goods warrant the prescription of separate rules and regulations for each; (3) whether the promulgation of the proposed or tentative rules and regulations should be held in abeyance pending an investigation into certain related practices of motor carriers; (4) whether motor carriers who engage in the practice of surrendering to other motor carriers for compensation shipments which they have themselves received as carriers are, in fact, brokers; (5) whether nonbrokerage services should be defined and covered to any extent by the regulations to be prescribed; (6) whether there should be a distinction between brokers and bona fide agents of motor carriers; (7) whether the records which brokers of transportation of property should maintain should include certain matters; (8) whether brokers of transportation of property should be charged with determining which are authorized carriers available for use; (9) whether we have the power to prescribe maximum charges for brokers' services and, if so, the measure of such charges; (10) whether schedules of nonbrokerage charges should be required to be filed and observed; (11) whether brokers should be required in their advertising clearly to declare themselves as such; (12) whether brokers should be allowed to collect compensation for brokerage services in connection with traffic the routing of which they control by reason of nonbrokerage relationships or activities; (13) whether rules should be prescribed to require the brokers' collection

of their compensation from carriers rather than from shippers; (14) whether transfers of brokerage licenses should be authorized; and (15) whether dual broker-carrier operations should be allowed.

A report will be issued upon determination of these questions.

#### **FORWARDER PARTICIPATION IN JOINT RATES**

In our last annual report, we stated that we had instituted on our own motion, pursuant to the provisions of section 409, an investigation for the purpose of determining and prescribing the reasonable, just, and equitable terms and conditions, including terms and conditions governing the determination and fixing of the compensation to be paid or observed under which the freight forwarders subject to the act may utilize the services of motor common carriers under agreements between the forwarders and motor common carriers, in such manner as will be in furtherance of the national transportation policy.

Hearings have been held in New York, N. Y., Chicago, Ill., San Francisco, Calif., Kansas City, Mo., Atlanta, Ga., and Washington, D. C. Briefs have been filed by the parties, a proposed report by our examiners has been served, and exceptions to the proposed report and replies thereto will be filed after which the entire Commission will hear argument and take the proceeding under advisement.

#### **PROTECTIVE SERVICE AND CAR-OWNING COMPANIES**

In our report for 1946 we outlined the steps that had been taken during the first 6 months of that year to promote the construction of refrigerator cars to relieve the recurring shortage in the demand for equipment of that type, saying, among other things, that certain conferences with the carriers and car-owning companies had led to an agreement between the parties to the effect that the carriers should increase the mileage to be paid for the use of such cars, the increase in most instances being from 2 to 2.5 cents per car mile, effective July 1, 1946, and the car-owning companies should undertake to increase the number of cars to a satisfactory level. As the result of that agreement railroad-owned car lines built and placed in service 883 new refrigerator cars during the last 6 months of that year and an additional 2,882 such cars during the first 8 months of 1947. As of September 1, 1947, these car lines had on order 8,119 refrigerator cars. Between July 1, 1946, and September 30, 1947, privately owned car lines other than those controlled by railroads built and placed in service 2,344 refrigerator cars.

We reported last year the steps that were being taken to round out the protective service against cold to be furnished by the railroads, mentioning particularly a form of such service for certain shipments

of apples and pears and the establishment by eastern railroads of a form of protective service under which the carriers would assume initiative in protecting perishable freight against cold. We said that the carriers had indicated that they would establish the desired service for apples and pears but wished to defer action to that end until after the 1946-47 winter season in order to make further tests of thermostatically controlled car heaters and that this request had been granted. A number of makes of car heaters were used in the tests made during that season but no one of them proved entirely satisfactory. The manufacturers have endeavored to correct the faults disclosed by the tests and will submit their heaters for further tests during the 1947-48 winter. Initiation of the service has been deferred pending the further tests. We also reported that the railroads serving Maine had agreed with shippers of potatoes to assume the initiative in protecting shipments of potatoes originating in that State, beginning with the 1947-48 heater season. Subsequently we were advised that the Maine shippers had withdrawn their request for carrier service and wished to continue the use of a privately operated service which has been available for a number of years and that accordingly the carriers would not inaugurate the proposed service. As the result of this change in the Maine situation, the proceeding in which protective service in the East in general is being considered has been broadened to include service for potatoes from Maine.

Since our last report we have considered and approved 85 contracts or agreements, or amendments to existing contracts or agreements, between common carriers by railroad and other persons for the furnishing to or on behalf of such carriers of protective service against heat or cold to property transported or to be transported in interstate or foreign commerce in accordance with section 1 (14) (b) of the Interstate Commerce Act as amended by the Transportation Act of 1940.

## SAFETY WORK AND ACCIDENTS

### RAIL

The volume of both freight and passenger traffic handled on the Nation's railroads in 1946 was greatly in excess of the prewar level, but the number of persons killed in accidents involving train operation (train and train-service accidents) in that year totaled 4,167 as compared with 4,444 in 1940, a decrease of 6.23 percent. However, the number of persons injured in such accidents increased from 17,558 in 1940 to 30,286 in 1946, an increase of 72.49 percent.

A comparison for the period January-June 1947, with the first 6 months of 1946, reveals a decrease in 1947 in both killed and injured, the percentages being 3.36 and 1.18 respectively. The following state-



ment analyzes the casualties during these two 6-month periods by classes of persons:

Class of persons	Train and train service, 6 months, January-June						12 months, January-December	
	Number persons killed			Number persons injured			Percent increase 1946 over 1940	
	1947	1946	Percent increase	1947	1946	Percent increase	Persons killed	Persons injured
Trespassers.....	598	647	<sup>1</sup> 7.57	437	412	6.07	<sup>1</sup> 23.82	<sup>1</sup> 44.59
Employees on duty.....	288	265	8.68	9,246	9,248	<sup>1</sup> 0.021	24.65	143.86
Passengers on trains.....	53	72	<sup>1</sup> 26.39	2,028	2,170	<sup>1</sup> 6.54	37.33	82.53
Travelers not on trains.....	5	6	<sup>1</sup> 16.67	36	42	<sup>1</sup> 14.29	160.00	43.33
Others.....	985	1,006	<sup>1</sup> 2.09	2,627	2,674	<sup>1</sup> 1.76	2.61	2.18
Total.....	1,929	1,996	<sup>1</sup> 3.36	14,374	14,546	<sup>1</sup> 1.18	<sup>1</sup> 6.23	72.49

<sup>1</sup> Decrease.

In the year ended June 30, 1947, there were 360 accidents in connection with steam locomotives, in which 16 persons were killed and 464 injured, as compared with 419 accidents in which 10 persons were killed and 439 injured in the preceding year. In connection with locomotives other than steam there were 40 accidents, 2 persons killed, and 41 injured. The corresponding figures for the preceding year were 38 accidents, 56 persons injured, and none killed. The totals with respect to all locomotive accidents for 1947 were, '18 persons killed and 505 injured.

The need for greater protection for high-speed train operation has been given further attention during the year. As a result of the investigation which we instituted last year, Docket No. 29543, under section 25 of the Interstate Commerce Act, we issued a report dated June 17, 1947, in which we stated conclusions as follows:

The tendency in recent years has been greatly to increase the speeds of trains, and these increases generally have been accompanied by increases in the number of trains. Unquestionably, the higher speeds and the greater number of trains have increased the accident hazards and necessitate more and better protection for the traveling public and the train employees. While this need for better protection is more apparent in areas of high train density, it is generally required throughout the country. We are of the opinion that as a general rule when freight trains are operated at speeds of 50 or more miles per hour, or passenger trains at speeds of 60 or more miles per hour, operation by timetables and train orders alone, with no means of maintaining a space interval between the trains and safety dependent wholly on strict observance by the train crews of timetables and consistent and understandable train orders properly delivered does not afford adequate protection. As heretofore shown, there are 19,550.2 miles of track on which passenger trains are so operated at speeds of 60 or more miles per hour, on 4,132.2 miles of which the speeds are 70 or more miles per hour. In our opinion adequate safety requires that operation at such speeds should be under an automatic or

manual block signal system, preferably supplemented by timetables and train orders.

We are further of the opinion that trains operated at speeds of 80 or more miles per hour should have protection in addition to that afforded by a manual block-signal system or an automatic block-signal system with wayside signals, and that such additional protection should be either continuous cab signals, automatic train stop or train control, or both cab signals and automatic train stop or train control. We are not unmindful of the fact that speeds of trains alone do not furnish an adequate yardstick for determining what additional protection is necessary on all railroads with their varying geographical, weather, operating, and other conditions. It may be that under some circumstances the additional protection referred to above will not be sufficient, and it also may be that under other circumstances the requirements for such additional protection should be modified. As previously stated, any respondent will, upon request, made within 60 days after the entry of an order of general application, be given a hearing to show that it should be excepted from the order or the order modified with respect to it.

As shown by tables I and II, the additional protection outlined above would require the installation of automatic train stop or train control or automatic cab signals on 25,215.5 miles of passenger track now operated by automatic block signals and without such additional protective devices, on 398 miles of passenger track now operated by manual block signals, and on 1,542.8 miles of passenger track now operated by time-tables and train orders only, a total of 27,156.3 miles, and the installation of manual or automatic-block systems on 18,586.5 miles of passenger track. In addition, there would be effected a relatively small additional mileage over which passenger trains are not operated at speeds of 60 or more miles per hour but freight trains are operated at speeds of 50 or more miles per hour under the timetable and train order system, on which mileage manual or automatic block-signal systems would have to be installed. While the cost to respondents for such installations would not be insignificant, any respondent subject to the order which we enter may make such order inapplicable to it by making appropriate reductions in the speeds of its trains.

Consequently, we issued an order requiring each respondent railroad company to install either automatic or manual block-signal systems conforming to prescribed specifications on parts of its line over which any passenger train is operated at a speed of 60 or more miles per hour or any freight train is operated at a speed of 50 or more miles per hour, these installations to be made on prescribed percentages of miles of track required to be so equipped, within designated periods between the date of the order and December 31, 1951, also to install either an automatic train-stop system, an automatic train-control system, or an automatic continuously controlled cab-signal system, conforming to prescribed specifications, on parts of its lines over which any passenger or freight train is operated at a speed of 80 or more miles per hour, these installations to be made on prescribed percentages of miles of track required to be so equipped, within designated periods between the date of the order and December 31, 1952.

All class I and all switching and terminal railroads subject to the Interstate Commerce Act are respondents. Only 33 petitions have been filed for exemption from or modification of the order, 9 of which have been already heard.

In addition to the need for greater protection for high-speed train operation, improvement is also required in operating rules and practices generally. Under the Accident Reports Act, approved May 6, 1910, we have investigated the more serious railroad accidents during the past 5 years, as follows:

Year ended June 30	Number of accidents investigated			Persons	
	Collisions	Derailments	Total	Killed	Injured
1947-----	74	40	114	214	2,984
1946-----	73	20	93	205	3,566
1945-----	71	26	97	311	2,301
1944-----	<sup>1</sup> 77	25	102	377	1,722
1943-----	<sup>1</sup> 85	25	110	189	1,938

<sup>1</sup> Includes 1 accident, classed as miscellaneous, involving track laborers struck by passenger train.

As shown by the accident investigation reports which are issued currently, the conditions which led to the occurrence of many of these accidents included inadequate operating rules, rules not properly understood, enforced, and obeyed, and other improper operating conditions and practices. Many of these conditions and practices are capable of detection and correction before occurrence of a serious accident directs attention to them. Under existing law our authority with respect to these matters is limited to the investigation of accidents and making reports thereon including such recommendations as we deem proper. Last year we recommended that section 25 of the Interstate Commerce Act be amended so as to authorize us to require any carrier subject to that section to establish and maintain rules, regulations, and practices with respect to operation of trains intended to promote safety of railroad operation. A bill to effectuate this recommendation, H. R. 2299, introduced February 27, 1947, by Congressman Wolverton, chairman of the Committee on Interstate and Foreign Commerce, is now pending.

A similar recommendation to amend section 25 is included in this year's recommendations.

#### MOTOR

The number of accidents reported to us in 1946 increased more than 20 percent over 1945 (15,121 accidents in 1946 as compared with 12,399 in 1945), and the number of fatalities and the number of injuries reported increased by more than 15 percent each (1,338 fatalities in 1946 as compared with 1,150 in 1945, and 16,565 injuries in 1946 as



compared with 14,346 in 1945). The property damage reported in 1946 was about 1 percent greater than in 1945 (\$13,312,212 in 1946 as compared with \$13,133,652 in 1945). It is interesting to note that, while the accidents, fatalities, and injuries all increased substantially in 1946, the rate of increase in the fatalities and injuries is not so great as the rate of increase in the number of accidents, and the amount of the property damage is substantially the same for both years.

The increased production of new vehicles and replacement parts did not result in a reduction in the number of accidents reported as caused by mechanical defects or failures. The number of such accidents increased from 1,124 in 1945 to 1,198 in 1946. Notwithstanding the large increase in the number of all reported accidents the percentage of mechanical-defect accidents decreased to 8 percent for 1946, compared with 10 percent for the previous year.

As in prior years, more accidents are attributed to brake and tire failures than to failure of any other parts. In 1946 accidents due to brake failures increased materially. There was a decrease in accidents due to tire failures, which is largely the result of the increased availability of new and better tires.

Studies of accidents involving mechanical failures indicate that regardless of advances in the designer's skill and the manufacturer's technique, the solution to the problem lies primarily in the improvement in inspection and maintenance practices of motor carriers.

For the third successive year there have been no serious accidents reported to us in the transportation of explosives or other dangerous articles. Most of such accidents in prior years involved either fire or explosions, or both. In 1946, as in several years past, the number of such accidents involving large property damage decreased.

The number of reported fire accidents increased slightly, although the percentage decreased (495 in 1946 as compared with 486 in 1945, and 3.3 percent in 1946 as compared with 4.3 in 1945). The number of fatalities, injuries, and the amount of property damage in fire accidents were all greater in 1946 than in 1945 (139 fatalities in 1946 as compared with 119 in 1945, 543 injuries in 1946, as compared with 448 in 1945, and \$3,084,451 in property damage in 1946 as compared with \$3,009,369 in 1945). The fire accident rates for fatalities, injuries, and property damage all were greater in 1946 than in 1945 (0.281 fatalities per fire accident in 1946 as compared with 0.245 in 1945, 1,097 injuries per fire accident in 1946 compared with 0.920 in 1945, and \$6,230 property damage per fire accident in 1946 compared with \$6,190 in 1945).

We are greatly concerned by the increasing number of highway accidents. As pointed out elsewhere in this report, we have been taking such action as we find possible within the means available

to us to promote safer operations by all motor carriers subject to the Interstate Commerce Act. Our Bureau of Motor Carriers has endeavored, through contacts with carriers and other interested persons, inspection of carriers' equipment, and accident investigations, to enforce strict compliance with our motor-carrier safety regulations. We have instituted court actions against carriers for violations of these regulations. In *Ex Parte No. MC-40*, our present safety regulations are being reexamined with a view to making improvements therein. In determining applications for certificates of public convenience and necessity and permits we have given special consideration to the matter of the fitness of the applicants from the standpoint of highway safety. Where doubt exists, we have reopened application proceedings for further hearing on this matter. In a few instances we have denied the applications on findings that, in view of its record of willful violations of our safety regulations, the applicant was unfit to engage in the proposed operations. We have cooperated with the Federal Committee on Highway Safety, on which committee we are represented by one of our members. However, our efforts in the field of accident prevention have been somewhat handicapped by lack of adequate personnel and by limitations on our power to suspend or revoke operating authorities.

### ELECTRONICS IN TRANSPORTATION

In our 1946 annual report mention was made of train communication systems being installed on the Pennsylvania Railroad, the Atlantic Coast Line, and the Missouri Pacific, for which these carriers had applied for our approval under section 25 of the Interstate Commerce Act. The Pennsylvania installation between Harrisburg and Pittsburgh, Pa., is now complete and in service. Some additions to the system as originally proposed to increase its efficiency are in progress. The Missouri Pacific installation on 193 miles of its line between McGehee, Ark., and Alexandria, La., is nearing completion, and that on the Atlantic Coast Line on 234 miles of its line between Rocky Mount and Wilmington, N. C., and between Wilmington, N. C., and Florence, S. C., is under way.

There are 11 communication systems in service on 9 different railroads which provide wayside-to-train, end-to-end, or train-to-train communication, or a combination of these services. Systems providing communication between fixed stations and switching engines in yards and terminals are in service at 30 locations on 19 different railroads. Of the total of 41 train communication installations in service, 22 are space radio and 18 are inductive systems, and 1 installation employs space radio for end-to-end and an inductive system for wayside-to-train communication. There are also several radio



systems in service in tugboat ferry service. There are 4 communication systems on the line of 4 carriers and 18 systems in yards and terminals on 13 different carriers in progress of installation.

Recently a system for providing telephone service for passengers between moving trains and wayside points was placed in service through the Bell Telephone System's mobile radio-telephone service on certain trains of the Pennsylvania Railroad and the Baltimore and Ohio Railroad between New York and Washington.

Adequate communication facilities are essential to both safety and efficiency of railroad operation, and developments in this field should be adopted as rapidly as practicable wherever needed to promote safety. Last year we recommended that section 25 of the Interstate Commerce Act be amended so as to authorize us to require any carrier subject to that section to install and maintain telegraph, telephone, radio, inductive, or other wayside or train communication systems intended to promote safety of railroad operation. H. R. 2299, heretofore referred to and now pending in the Congress, would also carry this recommendation into effect.

#### STANDARD TIME ZONE INVESTIGATION

By supplemental report and order, 269 I. C. C. 57, effective September 28, 1947, we modified outstanding orders in this investigation to accomplish the first substantial change since 1941. The effect was a western extension of the eastern zone to embrace the entire States of Virginia and North Carolina and additional portions of eastern Kentucky and Tennessee.

This change represents but a third phase of the general westward spread of eastern time into the eastern part of the central zone, as originally defined by us. In 1936, in our supplemental report, 218 I. C. C. 221, we extended the eastern zone to include the Lower Peninsula of Michigan and the entire State of Ohio. In 1941, by supplemental report, 246 I. C. C. 721, the eastern zone was further extended so as to embrace the entire State of Georgia. We then denied a petition for the inclusion of eastern Kentucky and Tennessee in the eastern zone. Following the termination of national daylight saving on September 30, 1945, eastern standard time was adopted by the city of Knoxville, Tenn., by popular referendum, and subsequently by numerous other cities and towns in the adjacent and surrounding areas. Upon petition of the Knoxville Chamber of Commerce we reopened the proceeding, and a further hearing was held at Knoxville, which resulted in the zone-boundary modification stated.

In this, as in many other past situations, our lack of adequate statutory authority has made extremely difficult the performance of our duties under the Standard Time Act, 15 U. S. C. 261-5, to define



the limits of the time zones having regard for the convenience of commerce and the existing junction points and division points of common carriers engaged in interstate commerce. The pattern is familiar. A single large city or at most a few communities, regardless of the effect on neighboring communities, and probably over the protest of a large minority of their own citizens, change the local standard of time. Nearby communities are forced against their better interests to make a like change, or to hold to the former standard despite the inconvenience of their position. The result is utter confusion of time in the area. Some communities observe the fast time, some adhere to the slower standard, while still others shift back and forth depending on the season or the character of the local administration. The Federal offices, and the trains and through busses in interstate commerce obey the act of Congress, and continue to observe the Federal standard, while the local busses operate on the time of the principal community they serve. Finally, we are called into the situation only to use what authority we have to eliminate, so far as we can, the conflict, inconvenience, and confusion which local authorities have brought about by the exercise of their right under the law to local option in the matter of standard time. Because of the limited scope of the Standard Time Act, as interpreted by the Supreme Court in *Massachusetts State Grange v. Benton*, 272 U. S. 525, we are unable to approach the task with the power to prescribe the boundary which in our judgment, based on the record made, conforms to the directions given us in the Standard Time Act as being for the best interests of the commerce of the area as a whole.

We have recommended for several years that Congress broaden the Standard Time Act so as to provide in each zone a single standard of time for all purposes. During the past summer season, there was the customary shifting back and forth with respect to the observance of daylight-saving time in particular areas or communities, but the total number of cities and towns which shifted to the fast time appears to have been greater than ever, and the list includes many new cities, notably Washington, D. C. Under authority of an act authorizing the Commissioners of the District of Columbia to establish daylight-saving time in the District of Columbia during 1947 (Public Law No. 45, approved April 30, 1947), the standard time for the District of Columbia was advanced by 1 hour from May 11 to September 27, 1947. The effectiveness of the act was limited, and it has now expired. Section 2 of that act provided that the faster standard, "during the period for which it is applicable, be considered the standard time for the District of Columbia."

It is not clear to what extent, if any, this recent act superseded or amended section 2 of the Standard Time Act (15 U. S. C. 262),

which provides that within the respective zones the standard time of the zone shall govern the movement of all common carriers engaged in interstate commerce, and in effect requires all officers and departments of the United States to observe the United States standard time of the zone in their interpretation of Federal statutes, orders, rules, and regulations relating to the time of performance of any act or of the accrual or determination of rights.

In general, the entire Government establishment throughout the District of Columbia and nearby Virginia and Maryland, appears to have observed the local daylight-saving time. On the other hand, the railroads, whose operations are subject to the same section of the Standard Time Act, continued to operate within the District on United States standard eastern time.

As both standards were provided by Federal law, the possibilities of confusion were pronounced. As stated, the District of Columbia daylight-saving statute has expired by its own limitation. Should similar legislation again be proposed, conflict between the two statutes should be avoided.

We renew our recommendation that the scope of the Standard Time Act be broadened so that the standard time provided thereby for the four zones in the United States proper be made the exclusive measure of time for all purposes including the vast body of transactions which do not now fall within the scope of section 2 of that act.

#### COOPERATION WITH OTHER GOVERNMENT AGENCIES

Members of the Commission have participated in conferences with representatives of other Government agencies concerning transportation problems, and have served on various committees, such as the Federal Committee on Highway Safety established pursuant to an Executive order of the President and the Advisory Committee established by the Civil Service Commission to consider questions arising under section 11 of the Administrative Procedure Act. Upon request of the Department of Labor we nominated one of our members to attend the second session of the Inland Transport Committee of the International Labor Organization at Geneva, Switzerland, in May of this year, the member nominated having attended the first session of this Committee previously held in London.

We have also similarly cooperated with other Government agencies, upon invitation or request, by designating members of our staff to serve on advisory committees or in other capacities. Among the more important of these was the designation of a technical representative to work with the United States Standard Commodity Catalog Board's Technical Committee to assist in formulating recommendations for the establishment of a Federal catalog system, nomina-



tion of an employee of our Bureau of Traffic to represent the Commission on the advisory committee of the United States Travel Bureau, Department of the Interior, as required by the act of Congress creating that Bureau, and the designation of a member of the staff to serve on an Interdepartmental Committee on Petroleum Requirements upon request of the Secretary of the Interior.

In addition, our secretary and assistant secretary, and other administrative officers act from year to year as liaison officers in many diverse matters relating to personnel administration, procurement of supplies and equipment and other contract matters, space requirements of the Commission in the field, budget formulation, and other subjects.

The aggregate of these activities is the expenditure of a considerable amount of time and labor which the complexity of the reconstruction problems confronting the Federal Government requires.

#### ADMISSIONS TO PRACTICE

The increase in the annual rate of admissions since the end of the war continued during the past year. For the year ended October 15, 1947, the total number of admissions was 834, an increase of 20 percent over the preceding reporting period. This brings to 17,322 the total number of persons who have been admitted to practice since our register of practitioners was established on September 1, 1929.

Although during the initial period following the establishment of our bar 59.4 percent of the total number of our practitioners had not been admitted to practice before the highest court in their respective States, the proportion of nonlawyers included in the total number of persons admitted has progressively declined until it is now 27.8 percent. Compared with this over-all average, the number of nonlawyers admitted during the year was 21.9 percent of the total admissions for the year. The grand average of 27.8 percent does not accurately reflect the present situation. If we were to apply the usual actuarial basis to the large number of nonlawyers admitted during the early years of our bar, the figure of 27.8 percent would be substantially reduced. While the exact figure is not available, it is obvious that nonlawyers constitute a much lower percentage of our active practitioners at the present time. During the last 10 years, for example, the number of nonlawyers admitted was 12.1 percent of the total admissions during that period.

Applicants for admission to practice who are not members of the bar of the highest court in any jurisdiction are required to pass written examinations, two of which are held each year. In the two examinations for which the returns were completed during the year we examined 235 applicants, of whom 182 or 77.4 percent, successfully passed.



**ADMINISTRATIVE PROCEDURE ACT**

During the period covered by this report, the Administrative Procedure Act (60 Stat. L. 237) became fully operative in all its provisions, when section 11, providing for the selection of examiners necessary for proceedings pursuant to sections 7 and 8 of that act, became effective on June 11, 1947. Pursuant to the ad interim regulations promulgated by the United States Civil Service Commission, we designated 47 examiners in our staff as hearing examiners, viz: 37 from the Bureau of Formal Cases, 6 from the Bureau of Finance, and 4 from the Bureau of Motor Carriers. They have been approved by the Civil Service Commission, pending further qualification to the satisfaction of the regulations of that Commission.

The remaining examiners in our staff, we are advised, are eligible as before for duties assigned them, assisting us in the review of proceedings and in the conduct of hearings that do not fall within the provisions of the sections of the act cited. This division of our force of examiners is a distinct impediment in the free and efficient use we made of the corps, according to the changing needs of our dockets, and bearing in mind the special capabilities and experience of particular examiners.

For the orderly conduct of our work it seemed necessary to reserve for initial decision by the Commission all proceedings of the character in which, by the sections of the Administrative Procedure Act cited, hearings and decisions were required. By order of May 12, 1947, our outstanding order of assignment of work (49 Code of Federal Regulations, Cumulative Supplement, Part 0) was amended accordingly, subject to stated exceptions.

**WORK OF THE LEGISLATIVE COMMITTEE**

The Legislative Committee responded to 82 requests from committee chairmen and other members of the Eightieth Congress for reports on bills having a bearing on our administrative functions. In addition it submitted 9 reports to the Bureau of the Budget concerning legislative matters upon which that bureau sought our views.

At the last session of the Congress numerous bills were introduced which directly or indirectly would affect the Commission's work. A few of these were enacted into law, but many were not. At the request of various committees of the Congress we submitted reports to them stating our views as to the merits of these bills.

S. 1141, "To amend the Transportation of Explosives Act, as amended," would carry out a recommendation contained in our annual reports for the past several years that this act be revised in the light of important developments relating to this subject in the 23 years which have elapsed since the last revision. We are in favor of this bill.

S. 290, and H. R. 2297, "To amend the Interstate Commerce Act, as amended," would make a number of noncontroversial amendments to the Interstate Commerce Act, the need for which has been disclosed in the past several years, and pointed out in a number of our recent annual reports.

One of these proposed amendments, which would permit officials and employees of carriers subject to parts I, II, and III of the Interstate Commerce Act to hold stock in freight forwarders, is duplicated in H. R. 3692, "To amend the Interstate Commerce Act, as amended, with respect to ownership or stock interest in freight forwarders." The Commission in several of its annual reports has recommended this amendment.

Two related bills dealing with different aspects of judicial review of decisions of the Interstate Commerce Commission, both sponsored by the Judicial Conference of Senior Circuit Judges, are pending: H. R. 1468, "To provide for the review of certain orders of the Interstate Commerce Commission and giving the United States courts of appeals jurisdiction on review to enjoin, set aside, or suspend such orders" and H. R. 2271, "To incorporate into the Judicial Code the provisions of certain statutes relating to three-judge district courts, and for other purposes." The Commission has recommended the passage of H. R. 2271. It has, however, opposed H. R. 1468 insofar as primary jurisdiction to review orders of the Interstate Commerce Commission would be transferred from the district courts to the circuit courts of appeals.

Two pending bills, somewhat different in wording, relate to certain agreements between carriers: H. R. 221 "To amend the Interstate Commerce Act with respect to certain agreements between carriers," and S. 110, having the same title. The Commission in principle is favorable to both bills, which are in accord with recommendations made by it in former years, but prefers S. 110, which was passed by the Senate June 18, 1947.

At present the Interstate Commerce Act does not provide a uniform period of limitations within which suits must be brought on overcharge claims by shippers against motor carriers and freight forwarders and on undercharge claims by such carriers and forwarders against shippers. To correct this situation the following bills have been introduced: S. 571 and H. R. 2295, "To amend the Interstate Commerce Act, as amended, so as to provide limitations on the time within which actions may be brought for the recovery of undercharges and overcharges by or against common carriers by motor vehicle and freight forwarders"; S. 935, "To amend the Interstate Commerce Act, as amended, so as to increase from 2 to 3 years the period of limitation on actions for undercharges and overcharges by or against railroad

carriers, and to provide limitations on the time within which actions may be brought for the recovery of undercharges and overcharges by or against common carriers by motor vehicle and freight forwarders"; and H. R. 2759, "To amend the Interstate Commerce Act, as amended, so as to provide limitations on the time within which actions may be brought for the recovery of undercharges and overcharges by or against common carriers by motor vehicle, common carriers by water, and freight forwarders."

We are in favor of the principle followed in all these bills, which, however, differ from each other in certain details. In the two Senate bills the period of limitation proposed is 3 years, in the two House bills the period proposed is 2 years. We consider 2 years to be sufficient. In S. 935 it is proposed to increase the present period of limitation for claims of this kind by or against railroads, specified in section 16 (3) (a) and (c) of the Interstate Commerce Act from 2 years to 3 years. We have recommended against this change. H. R. 2759 also would reduce the present period of 3 years provided in section 308 (f) (1) of that act, pertaining to water carriers, to 2 years. We favor that change. Of these four bills, therefore, H. R. 2759 is most nearly in accord with our recommendations.

The Interstate Commerce Act, as it now reads, makes no provision for payment of damages in reparation awards to persons injured by violations of that act on the part of motor carriers or freight forwarders, and only certain water carriers are under such a liability. Three pending bills would establish a liability of this kind in parts II, III, and IV of the act, to which these carriers are subject, corresponding to that which has long been in effect under part I applying to rail carriers: S. 1194 and H. R. 2324, "To amend the Interstate Commerce Act with respect to the liability of common carriers by motor vehicle, common carriers by water, and freight forwarders for payment of damages to persons injured by them through violations of such Act"; and H. R. 2335, "To amend the Interstate Commerce Act, as amended." All three of these bills are substantially the same, and the Commission believes that some one of them should be enacted, as it has heretofore recommended.

There are two pending bills which the Commission considers of major importance in connection with safety of railroad operation: H. R. 283, "To promote the safety of travelers upon railroads, and to protect the public by requiring certain common carriers by railroad to install and maintain communications systems, and for other purposes" and H. R. 2299, "To amend section 25 of the Interstate Commerce Act to require certain common carriers by railroad to install and maintain communication systems and to establish and observe operating rules, regulations, and practices to promote safety of em-



ployees and travelers on railroads, and for other purposes." H. R. 2299 is broader in scope than H. R. 283, and the Commission favors its enactment in preference to the latter.

H. R. 2657, "To protect the public with respect to practitioners before administrative agencies," is designed now or ultimately to eliminate nonlawyer practitioners from practicing before administrative agencies, such as the Interstate Commerce Commission. This Commission is strongly opposed to the enactment of this measure.

Three bills on the subject of modification of railroad financial structures are pending: S. 249 and H. R. 2298, "To amend the Interstate Commerce Act, as amended, and for other purposes," and H. R. 3980, "To enable debtor railroad corporations expeditiously to effectuate reorganizations of their financial structures; to alter or modify their financial securities, and for other purposes."

H. R. 2298 would amend the Interstate Commerce Act by adding a new section, 20b, providing a procedure whereby railroads not in bankruptcy or receivership under certain specified circumstances with the approval of this Commission might alter or modify their obligations with the assent of the holders of 75 percent of such obligations. The Commission is in favor of the enactment of this bill, which was passed by the House of Representatives and favorably reported by the Senate Committee on Interstate and Foreign Commerce.

H. R. 3980 and S. 249 in the form reported by the Senate Committee are almost identical in wording. The first section of each bill is substantially the same as that of H. R. 2298, the principal difference being that it would apply to the capital stock as well as to the obligations of railroads. The purpose of the second section of H. R. 3980 and S. 249 as proposed to be amended is to return the property of certain railroads now in process of reorganization under section 77 of the Bankruptcy Act to their owners with a view to permitting them to work out voluntary reorganizations under the procedure provided by the first section. It is the position of the Commission that, because of their second section, these bills should not pass.

#### BUREAU OF ACCOUNTS

The shortened investigational procedure of the Bureau, inaugurated in 1943 after heavy reduction of personnel occasioned by transfers to war agencies, has continued to demonstrate its efficiency and economy.

During the past year the Bureau completed 981 general and special investigations of the accounts of transportation agencies subject to our jurisdiction, leaving 21 in progress. Accounting orders were issued as follows: 5 relating to accounts of steam railroads; 3 to inland

and coastal waterways; 2 to electric railways; 1 each to pipe lines and refrigerator car lines; and 135 pertaining to depreciation accounts of railroads and inland and coastal waterways.

Regulations governing preservation and destruction of records of all carriers were revised during the year. These will be further modified to permit wider discretion to carriers employing the widespread practice of microfilming records for permanent preservation. We have thoroughly investigated the usefulness of this process and find that it results in important economies.

Complete revision of the uniform systems of accounts for water carriers, separating them between inland and coastal waterways (effective January 1, 1947) and maritime carriers, was made during the year with the intention of making the regulations for maritime carriers effective January 1, 1948.

The condensed classification of operating expenses of classes II and III steam railroads was made a part of the uniform system of accounts for steam railroads as of January 1, 1947. The effective date of the uniform system of accounts for persons furnishing cars or protective service and related correlative accounting by steam and electric railroads for revenue from perishable protective freight service was postponed until January 1, 1949.

All currently effective accounting regulations for steam and electric railroads, pipe lines, inland waterways, refrigerator car lines, and freight forwarders were codified as substantive rules for publication in the Federal Register within the provisions of the Administrative Procedure Act.

#### BUREAU OF FINANCE

*Certificates of convenience and necessity, acquisition of control, et cetera.*—During the year ended October 31, 1947, 85 applications were filed for permission to abandon about 1,074 miles of railroad, and 90 miles of operations under trackage rights. The proceedings, in which we rendered 63 decisions, involved the proposed abandonment of about 1,175 miles of railroad, and 66 miles of operations. In 49 of those proceedings, involving 605 miles of railroad and 38 miles of operation, no protests or objections were filed by shippers or public authorities. Protests were filed, and hearings held, in 14 cases, involving 570 miles of track. Of the applications protested, we denied one, in part, as to 2 miles of lines, and authorized the abandonment of the remaining 11 miles of lines. We granted applications involving 93 miles of main lines for which substitute lines were built, 36 applications, involving 250 miles of branch lines of class I carriers (for 5 miles of which substitute branch line services were furnished), and 26 miles of trackage rights, and 832 miles of so-called short lines. Of



the short-line mileage, 706 miles were abandonments as to interstate and foreign commerce of the entire lines of the applicants, and 126 were portions of such lines. In proceedings in which certificates were issued, covering 670 miles of road, the estimates of average annual losses from continued operations or of future annual savings resulting from abandonment amounted to approximately \$1,334,364. In proceedings covering the remaining mileage, estimates of losses or savings were not given. Mileage and losses in abandonments of lines on which no service has been rendered in recent years because of the absence of traffic have not been included.

It has been shown in certain cases that the necessary cost of rehabilitation or of bringing up deferred maintenance of tracks which were permitted to be abandoned, aggregating about 534 miles, would require an expenditure estimated at \$7,674,145. Since this amount would necessarily be expended in order to continue operation, abandonment would result in a saving which to that extent with reasonable accuracy can be estimated in advance.

Corresponding data are given in our reports beginning with the report for 1934.

By our reports and orders December 10, 1946, March 10, 1947, and June 25, 1947, in *Wheeling & L. E. Ry. Co. Control*, 267 I. C. C. 163, 203, and 401, we authorized the New York, Chicago & St. Louis Railway Co., commonly referred to as the Nickel Plate, to acquire control of the Wheeling & Lake Erie through ownership of stock by purchase thereof from the Chesapeake & Ohio Railway Co. and the Alleghany Corp. We also terminated the trust agreement of July 30, 1929, as modified, which was the result of proceedings in *Interstate Commerce Commission v. Baltimore & O. R. Co.*, 152 I. C. C. 721, and 156 I. C. C. 607. (See p. 16 of our annual report for 1929.) The Nickel Plate now owns approximately 68 percent of the voting stock of the Wheeling & Lake Erie. Approximately 21 percent of the stock, 195,172 shares, were purchased from the Chesapeake & Ohio at the latter's book cost thereof, and the purchaser assumed the transfer charges. Only 54 shares were owned by the Alleghany. The control was authorized upon certain conditions, among them being the requirement that the Wheeling & Lake Erie maintain and keep open all presently existing routes and channels of trade, that the Nickel Plate may not sell or otherwise dispose of the stock without our prior approval, and that the Nickel Plate may not exercise its control, singly or with any other person, firm, or corporation, to cause or bring about in any manner the redemption, retirement, or reacquisition by the Wheeling & Lake Erie of any of its shares of capital stock, except with our prior approval.

In *Pere Marquette Ry. Co. Merger*, 267 I. C. C. 207, we authorized



the merger of the properties and franchises of that company into those of the Chesapeake & Ohio Railway Co., and the issuance by the latter of preferred and common stocks and the assumption of obligations necessary to effectuate the transaction subject to certain conditions, among them being the requirement that the Chesapeake & Ohio maintain and keep open all presently existing routes and channels of trade. In that proceeding, upon consideration of the contentions of certain Pere Marquette minority stockholders, we held that, having reached the conclusion that the terms proposed were just and reasonable, our duty in respect to stockholders was complete when we made certain that all stockholders in the same class were to be treated alike, and that whether dissenting stockholders, as members of a class created by the merger, are entitled to better treatment under their charter contract is a question not within our province to decide. We stated that possibly the courts may be called upon to determine controversies between dissenting stockholders and their companies, and suggested that the Chesapeake & Ohio and the Pere Marquette were free to settle controversies with such stockholders through negotiation and litigation in the courts. In *Albert E. Schwabacher v. United States*, a suit to set aside our order in this case, the District Court of the United States for the Eastern District of Virginia on June 4, 1947, entered an order and decree denying the injunction sought, and on June 16, 1947, entered a final decree dismissing the action. The case is now docketed on appeal to the Supreme Court.

The Chesapeake & Ohio has advised us that on June 6, 1947, it instituted an action in the chancery court in the city of [Richmond, Va., entitled "*The Chesapeake and Ohio Railway Company v. Hylas N. Hastings et al.*" praying that the court appoint three disinterested persons, residents of Virginia, to appraise the stock of the dissenting Pere Marquette stockholders pursuant to section 3821 *et seq.* of the Virginia Code and to take all action necessary to enter judgment against it, the Chesapeake & Ohio, for the "fair cash value" of such stock, or, in the alternative, that the court proceed in equity, if said sections of the Virginia Code are inapplicable, to accord to each such dissenting stockholder, who before August 11, 1947, filed an appearance therein and agreed to have his rights adjudicated in said proceeding, thus invoking the same or substantially equivalent appraisal remedy under the same or equivalent procedure as such stockholder would have if the said sections of the Virginia Code were applicable.

In *Chesapeake & O. Ry. Co. Purchase*, 261 I. C. C. 239, decided June 5, 1945, among other things we required the Chesapeake & Ohio and the Alleghany Corp. to deposit with the Chase National Bank of the City of New York, as independent voting trustee, all voting stocks of carrier corporations subject to the Interstate Commerce Act not

affiliated with the Chesapeake & Ohio system, whether then owned or thereafter acquired by either of them, except Alleghany's holdings of the stock of the Missouri Pacific Railroad Co., which is now in reorganization under section 77 of the Bankruptcy Act. The Chesapeake & Ohio now owns certificates representing 400,000 shares of the common stock of the New York Central Railroad Co. deposited under the trust agreement of June 14, 1945. We have pending a request for modification of our order and amendment of the trust agreement to exclude the New York Central stock from the deposit requirement of the agreement, so as to permit the Chesapeake & Ohio to acquire legal title thereto. Applications have been filed by Robert R. Young and Robert J. Bowman for authority to serve as directors of the New York Central while continuing to hold positions with the Chesapeake & Ohio and its subsidiary or affiliated carriers. A hearing has been held in the above proceedings. It appears from the record, as supplemented after the hearing, that the Chesapeake & Ohio proposes to distribute on November 10, 1947, to holders of its presently issued and outstanding common stock as of September 29, 1947, as a dividend, 195,177.4 shares of Nickel Plate common stock at the rate of one-fortieth share of Nickel Plate stock for each share of Chesapeake & Ohio stock. In our supplemental report in *New York, C. & St. L. R. Co. and Erie R. Co. Control*, 267 I. C. C. 548, decided September 10, 1947, we required that the Alleghany deposit the Nickel Plate stock which it may receive as a Chesapeake & Ohio stockholder with the Chase National Bank, under the agreement of June 14, 1945, unless it sells or otherwise disposes of such stock within 30 days from the receipt thereof.

In appendix D we have listed the certificates issued, authorizations granted, and pertinent data with respect to proceedings involving the abandonment, construction, and acquisition and operation of lines of railroads under section 1 (18) of the Interstate Commerce Act, and also consolidation and mergers of carriers, purchases, leases, and contracts to operate properties of carriers by other carriers, acquisition of control through ownership of stock, or otherwise, of carriers by other carriers, or by persons not carriers, acquisition by carriers of trackage rights over, or joint ownership or use of, railroad lines and terminals of other carriers, under section 5 (2) of the Interstate Commerce Act.

In 10 cases we authorized transfers of certificates of water carriers under section 312.

Temporary approval of operation of the properties of water carriers by the person proposing to purchase, merge, or lease them was granted in three cases, under the provisions of section 311 (b).



*Controlling persons.*—During the year, we held that three noncarrier corporations and an individual, each of which controlled a common carrier and proposed to acquire control of an additional carrier, were subject to our jurisdiction under section 5 (2), (3), and (4), and authorized them to acquire control of such additional carriers as proposed. See *Coyle Lines, Inc., Control*, 265 I. C. C. 7, and *Mississippi Valley Barge Line Co. Merger*, 265 I. C. C. 53, involving control by the Standard Unit Navigation Co.; *Valley R. Co. Control*, Finance Docket No. 15528 decided February 5, 1947; *South Georgia Ry. Co. Control*, Finance Docket No. 15680, decided August 11, 1947; and *Salt Lake Rail & Bus Term. Co. Purchase*, Finance Docket No. 15551, decided April 22, 1947. We provided that the Standard Unit Navigation Co. be considered as a carrier subject to the provisions of section 313 of part III, which relates to reports, accounts, and so forth, of water carriers. The three remaining cases involved control of railroad companies. We did not subject the controlling corporations and person to the provisions of section 20 (1) to (10) inclusive of section 20a (2) to (11), but in two of the cases we provided for the filing of such special reports as we may hereafter require under section 20.

*Railway employees.*—The procedures for the imposition of conditions for the protection of employees who may be affected by transactions authorized under section 5 (2) and in proceedings involving abandonment of lines of railroad, as explained in our last annual report, have been followed during the past year.

*Interlocking directorates.*—During the period covered by this report, we received 191 applications from individuals, and 3 from carriers. Disposition was made of 191 applications, of which 187 were granted, 1 denied, and 3 withdrawn.

*Issuance of securities and assumption of obligation.*—During the year we authorized, under the provisions of sections 20a and 214, the issue of securities for refunding maturing obligations, for refinancing other unmatured securities bearing higher rates of interest for new money to be used for various corporate purposes, and for the purpose of effecting mergers and reorganizations.

The assumption of obligation and liability in respect of the securities of others, consisting largely of equipment-trust certificates, the securities of subsidiaries, and incident to the reincorporation of an important railroad in another State, has been authorized. Several hearings have been held in respect of the various issues and assumptions. A statement of the amount of securities involved and the purposes to which they applied will be found in appendix D.



In our two preceding annual reports we considered the matter of the sale of railroad securities under the provisions of our report *In re Competitive Bidding in Sale of Securities*, 257 I. C. C. 129, and filing of special applications for exemption from the competitive bidding requirement. During the past year no separate application for exemption was filed. Request for exemption from the competitive bidding requirement was made in connection with one application filed under the provisions of section 20a, and this request was granted. The table included in appendix D shows the results of all bond sales under competitive bidding during the past year together with certain pertinent data. The principal amount of such bond sales was \$36,000,000, and in addition \$252,292,255 of equipment obligations were sold in this manner.

In our last annual report we referred briefly to *Baltimore & Ohio R. Co. Debt Adjustment*, 261 I. C. C. 51, which was the last of the voluntary reorganizations under the provisions of chapter XV of the Bankruptcy Act, as revised and amended. Notwithstanding delay in consummating the plan because of prolonged litigation, the adjustment now has been substantially completed. On June 30, 1947, of the total amount of securities affected by the plan of \$361,497,250, all except \$17,122,750 had been exchanged for the revised securities. Thus the holders of over 95 percent of the securities had consented to the plan. The total expenses incurred amounted to \$637,021.61 which represents approximately 0.18 of 1 percent of the total securities involved, a comparatively modest cost considering the large amount of securities to be modified and the substantial financial benefits to accrue to the railroad over an extended period of time.

#### BUREAU OF FORMAL CASES

The formal complaints filed numbered 269 of which 224 were original complaints and 45 subnumbers, an increase of 8 as compared with the previous period. We decided 270 cases, and 107 have been dismissed by stipulation or on complainants' request, making a total of 377 cases disposed of, as compared with 246 during the previous period.

Approximately 52 formal and investigation and suspension cases have been reopened for further hearing and reconsideration.

We conducted 452 hearings and took approximately 81,684 pages of testimony, as compared with 377 hearings and 63,456 pages of testimony, during the previous period.

The following statement shows certain facts with respect to the condition of the docket as of October 31 of the years indicated:

	1944	1945	1946	1947
Formal complaints filed .....	170	207	225	224
Subnumbers .....	22	27	36	45
Investigation and suspension cases instituted .....	64	41	70	99
Cases under submission at end of period:				
Regular docket .....	56	49	35	61
Shortened procedure .....	18	11	25	14
Cases disposed of including subnumbers and reopened cases .....	332	332	263	414
Number of pending cases .....	378	396	458	540
Additional proceedings disposed of by formal reports:				
Fourth-section applications .....	21	25	13	26
Ex parte proceedings .....	7	19	15	13
Railway Labor Act .....	0	3	0	1
Water-carrier applications .....	30	31	28	46
Freight-forwarder applications .....	25	15	5	7

### SHORTENED PROCEDURE

Approximately 31 percent of the total number of formal complaints are now handled by the shortened procedure method as compared with 27, 31, and 34 percent during the three preceding years. In the cases so handled and decided during this year, the average elapsed time to reach a decision was 414 days from the receipt of complaint and 260 days from receipt of the final memorandum. The corresponding periods during the three preceding years were 333 and 183 days, 362 and 216 days, and 332 and 198 days, respectively.

### BUREAU OF INFORMAL CASES

The number of informal complaints filed under parts I, III, and IV of the act was 1,451, an increase of 255, as compared with the previous year. Rail carriers filed 1,752 special docket applications for authority to refund amounts collected under the published tariffs and admitted by them to have been unreasonable, an increase of 6. Orders authorizing refunds were entered in 1,394 cases, a decrease of 126, and reparation thereunder was awarded in the sum of \$1,291,310.24. In addition, 486 cases were dismissed or disposed of without orders. Some of the orders entered on the special docket covered complaints originally submitted on the formal docket, thus obviating the expense of formal procedure. The Bureau also received approximately 10,400 letters, many of which had the characteristics of informal complaints although not classified as such, an increase of approximately 2,100 letters over the prior year.

The Bureau assists interested parties in adjusting their rate and other transportation difficulties through the medium of informal conferences and by correspondence. Efforts are made to have complainants and the defendants in appropriate cases submit their problems for handling through this inexpensive informal procedure. Litigants should avail themselves of this method of procedure wherever practicable with the view to saving time, effort, and expense.

## BUREAU OF INQUIRY

The Bureau of Inquiry was engaged principally in enforcement of the criminal and penal provisions of parts I, III, and IV of the Interstate Commerce Act and related statutes. Considerable additional work was involved in making investigations in formal-docket proceedings and presenting the evidence developed in those investigations at the hearings. Among other duties assigned to the Bureau were representation of the Commission in court cases in which it had intervened, and investigation of activities of practitioners before the Commission.

Approximately 115 investigations of alleged statutory offenses, in addition to investigations in formal-docket proceedings and other matters, were conducted during the year.

One investigation of the practices of a carrier and shipper disclosed that an unlawful advantage was given by the carrier, and solicited and accepted by the shipper, through the placing and holding of empty freight cars on the tracks of the carrier in close proximity to the plant of the shipper without charge and without tariff authority therefor. Prosecutions were instituted against both carrier and shipper. Upon pleas of *nolo contendere* each was fined \$12,000.

Other investigations indicated that in several instances shippers had resorted to the practice of falsely describing the contents of their shipments to obtain transportation at less than the applicable published rates. In one case the shipper by describing built-up lumber (plywood) as "box material" had obtained a rate defeat of approximately \$110 per car. That shipper pleaded guilty to an information and was fined \$3,000. In a somewhat similar case another shipper secured rate defeats of more than \$12 per car by falsely describing shipments of built-up wood. Upon arraignment that shipper entered a plea of *nolo contendere* and was fined \$1,000.

In another investigation it was developed that the value of shipments of wool waste from two points of origin was consistently understated to obtain the benefit of lower rates applicable on that commodity when of lower value. Prosecutions resulted in pleas of *nolo contendere* by each defendant and the imposition of a fine of \$7,000 upon the consignee, a fine of \$10,000 upon one consignor, and a fine of \$2,000 upon the other consignor.

Another case involving false billing and understatement of weights resulted in a plea of *nolo contendere* and the payment of a fine of \$1,500 by the shipper. In another instance in the shipping orders and bills of lading the shipper described shipments of leggings as "rags." He awaits trial on an indictment under the Elkins Act. In still another case involving false billing of airplane engines, the shipper also awaits trial on an indictment under the Elkins Act.



Other investigations disclosed that certain carriers had delivered shipments without surrender by the consignee of order bills of lading contrary to the provisions of their tariffs. Prosecutions of two carriers for such offenses resulted in fines of \$2,000 each.

Investigations were conducted to ascertain whether carriers were strictly observing their demurrage tariffs. The evidence obtained in one investigation led to the prosecution of the carrier for (1) granting concessions and (2) falsification of its demurrage records and prosecution of the shipper for soliciting and accepting concessions. Upon pleas of *nolo contendere* the carrier was fined \$5,000 on each charge, or a total of \$10,000. The shipper awaits trial on an information under the Elkins Act.

Several investigations were conducted to determine whether regulations governing the extension of credit by carriers and forwarders to shippers were being observed. Those investigations resulted in the prosecution of four carriers for flagrant cases of extending credit for periods longer than those prescribed in the regulations. In each of two cases the carrier was fined \$2,000, in another the carrier was fined \$250, and in the fourth case a fine of \$125 was imposed upon the carrier.

Failure to observe service orders issued under the provisions of section 1 (15) of the act to conserve railway equipment and expedite the movement of traffic was discovered in investigations conducted at a number of points. There were many violations of Service Order No. 95, under which an agent of the Commission had issued an order prohibiting transportation of standard "RS" type refrigerator cars loaded with empty beer containers without permits. Penalty suits were instituted against 19 railroads for violation of that order. Ten of those cases have been concluded with the imposition of penalties totaling \$7,800. The remaining 9 cases are pending.

Penalty suits were filed against three carriers for violation of Service Order No. 422, which requires prompt unloading of boxcars at points where the carriers have the tariff obligation to unload car-load freight. In each of 2 cases a penalty of \$2,000 was imposed upon the carrier. The other case is pending.

Violations of Service Order No. 614 were the subject of penalty suits filed against three carriers. That order prohibited (until further notice) the delivery of loaded cars to a shipper at Muskegon, Mich., or the receipt from shipper or connecting carriers of loaded cars consigned to the shipper at that destination. Fines totaling \$1,700 were imposed upon the three carriers.

Failure to comply with the provisions of Service Order No. 436 was the basis of another investigation at several points. That order requires that refrigerator cars, after being unloaded, shall be removed

from place of unloading within 24 hours and promptly forwarded to perishable loading points. Violations discovered resulted in the filing of penalty suits against two carriers. In one case a penalty of \$2,000 was imposed. The other case is pending.

Service Order No. 453 required unloading by the delivering carrier of 163 cars of automobile parts which had not been unloaded by the consignee. The carrier confessed judgment in a penalty suit, and a penalty of \$2,000 was imposed.

Another investigation disclosed that a carrier had violated an order issued by an agent of the Commission issued under Service Order No. 534. The order required delivery of specified numbers of empty box-cars to two connecting carriers. Suit was filed, and the carrier confessed judgment and paid a penalty of \$1,000.

An investigation of the extent of carriers' compliance with Service Order No. 648 has been conducted at midwestern points and is now nearing completion. That order gave priority to the loading of grain intended for the foreign-relief program and forbade other transportation from specified territories except under special permit.

Prosecutions were instituted against four carriers for failure to comply with the Commission's regulations governing the transportation of explosives and other dangerous articles. The violations included the handling of cars placarded "explosives" next to a locomotive in yard service, cutting off of similarly placarded cars while in motion and permitting them to run on their own momentum into occupied tracks, failure to give notice to train crews of such placarded cars in trains, placing of placarded cars too near to the front or rear end of trains, placing of placarded cars next to cars placarded "dangerous," placing of placarded tank cars too close to the front end of a train, and failure to stamp or write the word "explosives" on the envelope containing a waybill covering a shipment of explosives. Two of those cases and four cases previously instituted were concluded with the payment of fines totaling \$1,640. Three cases are pending.

During the year the Bureau conducted an extensive field investigation of alleged practices of many shippers of fresh vegetables in Florida in failing to declare the full amount of top ice which they placed in the cars, thereby avoiding payment of the lawful tariff charges as required by rule 243 of the Perishable Protective Tariff. These practices, resulting in a defeat of lawful tariff charges and discrimination against those shippers who declared the full amount of top ice and paid the tariff charges therefor, involved a considerable number of shippers. Some features of the investigation remain to be completed.

The Bureau also conducted an extensive investigation of the practices of several railroads in the application of the pick-up provisions of their livestock tariffs at shipping points in Illinois, Iowa, and



Wisconsin. The tariffs were published pursuant to our order of May 4, 1942, in Docket No. 28216, 251 I. C. C. 549. The investigation disclosed violations of our order and the carriers' tariffs at several points. Two cases have been referred to the United States attorney for prosecution. Other cases are under consideration for determination of the extent of the violations and the action to be taken.

A case instituted during the year, involving unlawful use of a railroad pass by two individuals to secure free transportation, is pending in court.

During the year four attorneys were assigned to represent the Commission in the following formal docket cases: Docket No. 29669, *Car Service, Freight Cars*; Docket No. 29670, *Increased Per Diem Charge on Freight Cars*; *Ex parte 104, Practices of Carriers Affecting Operating Revenues and Expenses*, Part II, *Terminal Services* (Union Tank Car Co.); Docket No. 29556, *Charges on Small Shipments by Railroads*; Docket No. MC-C-543, *Charges on Small Shipments by Motor Carriers*; Docket No. 29762, *Allowances for Pick-up and Delivery at Kansas City*; Docket No. 29763, *Allowances for Pick-up and Delivery at Twin Cities*; Docket No. 29764, *Allowances for Pick-up and Delivery at Seattle*; and Docket No. 29765, *Allowances for Pick-up and Delivery at Portland*.

For violations of the Interstate Commerce Act and related statutes 6 indictments were returned, and 23 informations and 29 complaints were filed. Forty-one cases were concluded in the district courts which resulted in the imposition of fines and penalties totaling \$87,015, all of which was paid.

Prosecutions instituted and concluded had their venue in the District of Columbia and in the following States: Alabama, California, Georgia, Illinois, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Tennessee, Texas, Virginia, and Wisconsin.

A summary (a) of indictments returned and informations and complaints filed in the United States district courts, and (b) of cases concluded in those courts is set forth in appendix A.

#### BUREAU OF LAW

On October 31, 1946, there were pending in the courts 33 cases involving our orders or requirements. During the year, 28 cases were instituted and 31 were concluded, leaving 30 cases now pending. Of these, 4 are in the Supreme Court of the United States, 25 are in the district courts of the United States, and 1 is in a State court.

Fourteen cases were submitted and decided in the Supreme Court, (2 of which were remanded to the district court for reargument before



properly constituted court) 1 was dismissed by the Supreme Court on stipulation of the parties, and 18 were concluded in the district courts. Summaries of all the foregoing cases are shown in appendix B.

The cases decided by the Supreme Court were:

*New York et al. v. United States et al.*, 331 U. S. 284.

In this case the Supreme Court sustained our order of May 15, 1945, as amended by our order of October 30, 1945, in No. 28300, *Class Rate Investigation*, and No. 28310, *Consolidated Freight Classification*, 262 I. C. C. 447 and 264 I. C. C. 41, wherein we found the existing basis of class rates in official territory to be unduly prejudicial to western trunk-line and southern classification territories, and ordered into effect an interim basis to correct the unlawfulness in the existing class rates. We did this, in part, by requiring a reduction of 10 percent in the class rates in western trunk-line territory and southern territory, and an increase in the class rates in official territory.

In suits brought in the United States District Court for the Northern District of New York, that court, after full argument and long consideration, sustained our orders but granted a stay pending appeal to and determination by the Supreme Court, which prevented our orders from becoming effective at that time. When the Supreme Court on May 12, 1947, sustained the orders, it vacated the stay and the new basis of rates became effective on August 22, 1947. The importance of the case and the rulings of the Supreme Court, overruling in all respects attacks made on the orders, require a rather extensive reference to the court's holdings, shown by the following quotations from its decision:

But the Commission in the present cases did not proceed on the assumption that the Ramspeck Resolution changed the substantive law. As we read its report, the Commission took the resolution only as a directive to investigate and correct violations of substantive law as it deemed that law broadened by the amendment to section 3 (1).

\* \* \* \* \*

For whatever doubt may have existed in the law was removed by the 1940 amendment which made abundantly clear that Congress thought that the problem of regional discriminations had been neglected and that if any such discriminations were found to be present, they should be eradicated.

\* \* \* \* \*

\* \* \* In other words Congress did not introduce a new standard of discrimination by its amendment to section 3 (1); it merely made clear its purpose that regions, districts, and territories should be the beneficiaries of the law against discrimination.

\* \* \* \* \*

\* \* \* class rates within Southern, Southwestern and Western Territories, and from those territories to Official Territory, are generally much higher, article for article, than the rates within Official Territory. That was the basic finding of the Commission; and it is abundantly supported by the evidence.

\* \* \* \* \*

If a showing of discrimination against a territory or region were dependent on a showing of actual discrimination against shippers located in these sections, the case could never be made out where discriminatory rates had proved to be such effective trade barriers as to prevent the establishment of industries in those outlying regions. If that were the test, then the 1940 amendment to section 3 (1) would not have achieved its purpose. We cannot attribute such futility to the effort made by Congress to make regions, districts and territories, as well as shippers, the beneficiaries of its anti-discrimination policy expressed in section 3 (1).

\* \* \* \* \*

\* \* \* The fact that relatively small amounts of freight move by class rates proves not that the regional and territorial discrimination is slight, but that the rate structure as constituted holds no promise of affording the various regions or territories that parity of treatment which territorial conditions warrant.

\* \* \* \* \*

We are thus not primarily concerned with the adequacies of the Commission's findings showing discrimination against actual shippers located in a territory. (cf. *Florida v. United States*, 282 U. S. 194; *North Carolina v. United States*, 325 U. S. 507; *Interstate Commerce Commission v. Mechling*, 330 U. S. 567), but with prejudice to a territory as a whole.

\* \* \* The inquiry of the Commission into the effect of class rates on the economic development of Southern, Southwestern, and Western Trunk-Line territories took a wide range. It concluded that prejudice to the territories in question had been established. We think that finding is supported by substantial evidence.

\* \* \* \* \*

\* \* \* the record makes out a strong case for the inference that natural disadvantages alone are not responsible for the retarded development of the South and West, that the discriminatory rate structure has also played a part.

\* \* \* \* \*

\* \* \* It is apparent from the statistics which we have reviewed that, while there is a diversity in traffic moved in the several territories, the diversity largely disappears when commodity groups are considered. Then, also, the percentages of the total traffic in each territory which fall under the several commodity groups are not only very similar in the East, South, and West, but each group yields about the same percentage of the total revenues in each of the territories. The choice of groupings is plainly a specialized problem in transportation economics upon which the Commission is peculiarly competent to pass. Its judgment that the differences [in] consists between the territories do not justify the present differences in interterritorial class rates is, indeed, an expert judgment entitled to great weight. We could not disturb its findings on the facts of this record without invading the province reserved for the expert administrative body.

As to the cost study little need be said concerning the South. Once the integrity of the cost study is assumed, the finding of the Commission that there is little significant difference in the cost of furnishing transportation in the South as compared with the East has support in the facts. Moreover, the data on rates of return and freight operating ratios, to which we will shortly refer, corroborate the conclusion reached from the cost study that the differences in class rates between the East and the South are not justified by territorial conditions. The finding that the discrimination against the South is unlawful under section



3 (1) is thus amply supported—a conclusion that the southern carriers do not challenge here.

\* \* \* \* \*

We start, of course, from the premise that on a subject of transportation economics, such as this one, the Commission's judgment is entitled to great weight. The appraisal of cost figures is itself a task for experts, since these costs involve many estimates and assumptions and, unlike a problem in calculus, cannot be proved right or wrong. They are, indeed, only guides to judgment. Their weight and significance require expert appraisal.

\* \* \* \* \*

We cannot, therefore, treat this case as if it were one where the Commission, in spite of a showing of some increased cost in the West, reduced all freight rates to a level of equality with the East. It is a case of determining whether the discrimination against one small class of traffic is warranted by the showing of some increased cost in the West. The earning power of the carriers, their freight operating ratios, their rates of return, the estimate of the volume of traffic in the future, the nature and amount of traffic presently involved in the class rate movements are all relevant to the finding of unlawful discrimination. We cannot say that these considerations do not counterbalance or outweigh the disparity in costs between the East and West. The appraisal of these numerous factors is for transportation experts. They may err. But the error, if any, is not of the egregious type which is within our reach on judicial review.

\* \* \* \* \*

As we have noted, *Interstate Commerce Commission v. Diffenbaugh*, *supra*, p. 46, held that the Act, in its condemnation of discrimination, "does not attempt to equalize fortune, opportunities or abilities." But the Commission made no such effort here. It eliminated inequalities in the class rates because it concluded that the differences in them were not warranted by territorial conditions. We think that the findings supporting that conclusion are based on adequate evidence.

\* \* \* \* \*

\* \* \* we are dealing here with a problem of discrimination—a western rate structure which, as compared with the East, is not warranted by territorial conditions and which prejudices the growth and development of the West. It would be a large order to say that the removal of that trade barrier will have no effect in increasing traffic. The assumption on which the finding of prejudice is made is, indeed, to the contrary. Moreover, that argument would protect a discriminatory rate structure from the power of revision granted the Commission under Section 3 (1) by the easy assumption that without discrimination the carriers would not thrive. But that flies in the face of history and is contrary to the Commission's expert judgment on these facts.

\* \* \* \* \*

\* \* \* In eliminating the discrimination and establishing the uniformity required by the law, it was warranted in making minor collateral readjustments so that the Commission itself would not in turn create new discriminations. The adjustment of the less-than-carload class rates was permissible on that ground alone. The traffic affected was only a fraction of 2 per cent of the total traffic. Without that readjustment that class of traffic would be prejudiced. With that readjustment the prejudice would be removed and the entire rate structure—intrastate and interstate—would be more nearly rationalized.

\* \* \* \* \*

Thus we think that if the additional evidence was necessary to pass on the issue of confiscation, the cause should have been remanded to the Commission



for a further preliminary appraisal of the facts which bear on that question. But we do not take that course here for reasons which will shortly appear.

\* \* \* \* \*

\* \* \* Certainly rates need not compensate carriers for the most expensive way of handling less-than-carload service. Yet the present findings do not illuminate that problem nor provide the standard in terms of service for measuring the compensatory character of the less-than-carload class rates. And on such a problem the Commission's highest expert judgment would be called into play.

\* \* \* \* \*

\* \* \* And it [the Commission] recognized but left untouched the problem of determining what would be the proper share of transportation costs to be borne by less-than-carload traffic.

The justification the Commission had for leaving the problem in that condition at this stage of the proceedings is apparent. The carriers are now preparing the new uniform classification. They have it within their power to follow the lead suggested by the Commission and to propose classification differences between carload and less-than-carload traffic which will obviate any issue of confiscation respecting less-than-carload rates. And it has likewise left open the question of readjustment of the class rates on less-than-carload traffic when the total program, of which these interim orders are but a part, is put into effect.

\* \* \* \* \*

\* \* \* The District Court amply protected appellants when it overruled their claim that the interim rates are confiscatory without prejudice to another suit to challenge the legality of those rates if, after a fair test, they prove to be below the lowest reaches of a reasonable minimum or if the permanent rates do not meet that standard.

\* \* \* \* \*

\* \* \* A proper finding of unlawful discrimination under section 3 (1) thus enables the Commission not only to direct the carriers to eliminate the practice but also, pursuant to section 15, to prescribe the alternative. See *Youngstown Sheet & Tube Co. v. United States*, 295 U. S. 476. Thus the Commission in this type of situation, as in the case where intrastate commerce is involved, *Georgia Public Service Commission v. United States*, 283 U. S. 765, may remove unlawful discriminations and prescribe new rates.

\* \* \* the principle announced in *Central R. Co. v. United States* and *Texas & Pacific R. Co. v. United States*, *supra*, is applicable only where the Commission is directing the carriers to remove the discrimination. Those cases hold that the Commission may not require carriers to do what they are powerless to perform. But the Court recognized in *Central R. Co. v. United States*, *supra*, p. 257, that where the Commission acts pursuant to section 1 to require carriers to establish, in connection with through routes and joint rates, reasonable rules and regulations, that problem is not involved. For then the Commission corrects the unlawful discriminatory practice in the case of each carrier by prescribing the just and reasonable rate or practice. The same is true where, as here, the Commission in order to eliminate territorial discriminations proceeds under section 15 (1) to fix new reasonable rates. If the hands of the Commission are tied and it is powerless to protect regions and territories from discriminations unless all rates involved in the rate relationship are controlled by the same carriers, then the 1940 amendment to section 3 (1) fell far short of its goal. We do not believe Congress left the Commission so impotent.

\* \* \* \* \*

\* \* \* this proceeding pertains only to class rates, which move but a small percentage of the traffic. It is, therefore, argued that the Commission should

not have made adjustments in those rates without bringing about some equalization of exception and commodity rates under which the bulk of the traffic is moved. But there is no reason in law why the Commission need tackle all evils in the rate structure or none. \* \* \*

\* \* \* we do not have here such a revenue problem. This case presents problems in rate relationships, that is to say, problems of a discriminatory rate structure condemned by section 3 (1). The Commission may remove a discrimination effected by rates even when they are within the zone of reasonableness, if the discrimination is forbidden by section 3 (1).

Once the Commission has found rates to be "unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial," it is empowered to prescribe rates which are "just and reasonable" or "the maximum or minimum, or maximum and minimum, to be charged. \* \* \*." Section 15 (1).

\* \* \* If the Commission were powerless to increase rates to a reasonable minimum in order to eliminate an unlawful discrimination, unless existing rates were shown to be non-compensatory or unless ruinous competition would result, it would in some cases be powerless to prescribe the remedy for unlawful practices. The present case is a good illustration. \* \* \*

We may assume, however, that if the rates of return of the eastern carriers were substantially above that for the South and the West, an increase of the rates for the former would not be permissible, even in order to remove a discrimination. But, as we have seen, the rate of return in recent years has favored the southern and western carriers, as have the freight operating ratios. The Commission took those factors, as well as the others we have reviewed, into consideration in determining that an increase in rates in Official Territory was warranted. 264 I. C. C. 61-62.

\* \* \* The general rate increase recently granted by the Commission was a revenue proceeding. Revenue adjustments can be and are superimposed on such rate structures as exist. The fact that revenue adjustments may produce lack of uniformity in rates is not inconsistent with the decision in the present case. As we said earlier, section 3 (1) does not dictate a policy of national uniformity in rates; it only requires that the lack of uniformity in rates among and between territories be justified by territorial conditions. The finding of the Commission, if supported by evidence, that the revenue needs of carriers in one territory demand a lower or a higher rate in that territory is a justification for a difference in rates as between that territory and other territories. The order of the Commission granting the general rate increase is not before us and we intimate no opinion on it.

Other issues raised by appellants need not be discussed. The injunction staying the orders of the Commission is vacated and the judgment of the District Court dismissing the petitions is affirmed.

Attached to the opinion, which was by Mr. Justice Douglas, are separate dissents of Messrs. Justices Frankfurter and Jackson.

*United States v. Seatrain Lines, Inc.*, 329 U. S. 424.

In this case the Supreme Court held invalid our report in the *Seatrain* case, 260 I. C. C. 430, whereby the entire Commission modi-

fied operating authority granted to Seatrain by an earlier certificate issued by division 4.

After reciting a history of the proceedings before the Commission and the suit in the district court, the Supreme Court held that it need not consider our objection to the district court's admission of evidence not presented to us since "we agree with the district court that the Commission was without authority to cancel this certificate."

The Court next held that the issuance of the original certificate was not an inadvertent error which our subsequent action was intended to correct. "It seems apparent that the Seatrain proceedings were reopened not to correct a mere clerical error, but to execute the new policy announced in the *Foss* case."

In its decision, the Court stated:

\* \* \* The Commission is authorized to issue certificates to all three types of carriers. But it is specifically empowered to revoke only the certificates of motor carriers. Section 212 (a), Part II Interstate Commerce Act, 49 Stat. 555, 49 U. S. C. Sec. 312 (a). In fact, when the water carrier provisions were pending in Congress, the Commission's spokesman, Commissioner Eastman, seems specifically to have requested the Congress to include no power to revoke a certificate. \* \* \*

The following language in the opinion is of sufficient importance to quote in full:

It is argued, however, that this proceeding does not effect a partial revocation of Seatrain's certificate, but is merely an exercise of the Commission's statutory power under Sec. 309 (d) to fix "terms, conditions and limitations" for water carrier certificate holders. Whether the Commission could, under this authority have imposed a restriction in an original certificate as to the type of service a water carrier could utilize to serve its shippers best is by no means free from doubt. Yet the alleged authority to alter a certificate after it has been finally granted so as to limit the type of service is certainly no greater than the Commission's authority to limit the type of service when issuing the original certificate. It is of some significance that Sec. 208 which prescribes the authority of the Commission in granting certificates to motor carriers authorizes the Commission to "specify the service to be rendered" by those carriers. But Section 309 which empowers the Commission to grant certificates to water carriers does not authorize the Commission to specify "the service to be rendered." Furthermore, Sec. 309 (d) relating to water carrier certificates specifically provides "That no terms, conditions, or limitations shall restrict the right of the carrier to add to its equipment, facilities, or services within the scope of such certificate, as the development of the business and the demands of the public shall require \* \* \*." The language of this section would seem to preclude the Commission from attaching terms and conditions to a certificate which would deprive the public of the best type of service which could be rendered between ports by a water carrier. In view of this difference between the statutory authority of the Commission to prescribe the service of water carriers and of motor carriers, our decisions relating to the Commission's power as to motor carriers in this respect are not controlling as to the Commission's power to regulate the details of the service of water carriers.



We can find no authority for alteration of Seatrain's certificate from the Commission's power to fix "terms and conditions."

Nor do we think that the Commission's ruling was justified by the language of Sec. 315 (c) which authorizes it to "suspend, modify, or set aside its orders under this part under such notice and in such manner as it shall deem proper." That the word "order", as here used, was intended to describe something different from the word "certificate" used in other places, is clearly shown by the way both these words are used in the Act. Section 309 describes the certificate, the method of obtaining it, and its scope and effect, but it nowhere refers to the word "orders." Section 315 of the Act, having specific reference to orders, and which in subsection (c), here relied on, authorizes suspension, alteration, or modification of orders, nowhere mentions the word "certificate." It is clear that the "orders" referred to in 315 (c) are formal commands of the Board relating to its procedure and the rates, fares, practices, and like things coming within its authority. But as the Commission has said, as to motor carrier certificates, while the procedural "orders" antecedent to a water carrier certificate can be modified from time to time, the certificate marks the end of that proceeding. The certificate, when finally granted, and the time fixed for rehearing it has passed, is not subject to revocation in whole or in part except as specifically authorized by Congress. Consequently, the Commission was without authority to revoke Seatrain's certificate. That certificate, properly interpreted, authorized it to carry commodities generally, including freight cars on the routes for which the certificate originally issued.

*Interstate Commerce Commission v. Mechling; Id. v. Secretary of Agriculture; Id. v. Inland Waterways Corporation* (three causes, consolidated), 330 U. S. 567.

The Supreme Court had before it in these cases the validity of our report and order of February 13, 1945, in I. & S. Docket 4718, *Grain Proportionals, Ex-Barge to Official Territory*, 262 I. C. C. 7, our findings in which are summarized in the opinion of the Court as follows (p. 572):

The Commission has now considered and decided that question in a proper proceeding. 262 I. C. C. 7. It found the originally proposed 8½ cent higher rates for ex-barge grain to be unlawful and required the eastern roads to cancel the schedules fixing those increased reshipping rates. This part of the Commission's order has not been challenged. But it also concluded that ex-barge grain rates east from Chicago would be reasonable and lawful even though they were 3 cents per hundred pounds higher than rates for ex-rail and ex-lake grain. Consequently, the Commission provided that its order cancelling the scheduled re-shipment rate increase was "without prejudice to the filing of new schedules in conformity with the findings herein." Thus, the effect of the whole order was to permit, if not require, the railroads to charge higher reshipping rates for ex-barge than for ex-lake and ex-rail grain. Under these rates, barge-rail grain shipments would be a trifle less expensive than all-rail transportation between the same points. But the through barge-rail transportation would cost more than it would have if the through rates had accurately reflected the cheaper inbound barge rates. The Commission considered these higher rates for ex-barge grain, which resulted in higher through rates, justified so long as there remained to ex-barge grain "a fair opportunity to move in competition with lake-rail and all-rail traffic."

In affirming the decision of the lower court setting aside our order, the Supreme Court pointed out that the water leg of a journey from Illinois waterway points to Chicago (and thence by rail to central territory and eastern points) was cheaper than the rail leg of the journey to Chicago; that the shippers of grain by water were entitled to this cheaper transportation, and it would violate the plain requirements of certain sections of Transportation Act, 1940, for us to deprive these shippers of such natural advantages by increasing the proportional rates on ex-barge traffic over those on ex-rail and ex-lake traffic. If in fact the carriers had higher terminal costs on the ex-barge traffic than on the other, such facts should be supported by adequate findings and supported by evidence, both lacking in this case. The use of "averages" to show these facts was not approved.

*Levinson v. Spector Motor Service*, 330 U. S. 649.

This case involved our jurisdiction over "checkers" and "part-time loaders" of carriers by motor vehicle. This case was argued twice in the Supreme Court and we appeared both on brief and orally as *amicus curiae*, at the request of the Court.

The opinion, by Mr. Justice Burton, places our "safety-first" program as the dominant consideration, and holds that if the work of an employee affects "safety of operation" then, no matter how small a portion of his time an employee may give to this feature of the work, our jurisdiction applies, and this automatically excludes the "overtime" pay provisions of the Fair Labor Standards Act. At page 662 of the decision, the Court spoke favorably of our reports in safety matters under part II.

Justice Rutledge (with whom Justices Black and Murphy joined) dissented. He was in agreement with the majority that even a small amount of time devoted to safety work brought into play the provisions of part II relating to that subject. He disagreed, however, that this fact automatically excluded the overtime pay provisions of the Fair Labor Standards Act and would accommodate the two statutes dealing with the same general subject matter and give each what he thought was the effect intended by Congress.

The decision of the Court in the closely related case of *Pyramid Motor Freight Corp. v. Ispass*, 330 U. S. 695, is also of interest. This opinion deals with the status of "delivery clerks or push-boys" delivering freight packages in the New York City garment district, and alleged by the petitioner to be "loaders" or "driver's helpers" and thus exempt from the provisions of the Fair Labor Standards Act because under part II of the Interstate Commerce Act. The company had urged in the lower court that the status of these employees

was an administrative question requiring preliminary resort by us. The Supreme Court held, however, after referring to many of our reports concerning this subject, that "The Commission has done its work," and that the courts had the duty to apply our decisions to the facts in a particular case, in the light of what the Supreme Court had said in the *Levinson* case, *supra*. In short, the question was judicial in nature.

*Champlin Refining Co. v. United States*, 329 U. S. 29.

In this case the Supreme Court sustained our valuation order in Valuation Docket No. 1267, *Valuation of Pipe Line of Champlin Refining Company*, 49 Val. Rep. 542. The proceeding grew out of our demand under section 19a for the filing by the Champlin Co. of valuation reports on its pipe line as a common carrier. Champlin objected to making such reports upon the ground that its pipe line carried across State lines only products of its refinery belonging to it, and contended that it was not a common carrier subject to any provision of the Interstate Commerce Act. Upon its request we held a hearing, after which division 2 specifically ordered the valuation orders to be complied with, and, upon rehearing, the division's report and order were affirmed.

In its complaint in court, the Champlin Co. contended, first, that the statute by its terms did not apply to its line, and, secondly, that if so construed the statute would be unconstitutional, since the ultimate effect of our order would be to compel it to subject its property to use by other shippers of petroleum products.

We had conceded that the line was not operated as a common carrier at common law, but contended that it came under the statutory definition found in section 1 of the act, which provides that the term "common carrier," as used in the act, shall include all pipe-line companies, except those carrying natural gas or water, and that, since our order required merely that the company submit to valuation, no question of constitutional rights was involved in the case.

The Supreme Court divided five to four in favor of our decision. The opinion, written by Mr. Justice Jackson, holds that by the terms of the statute the pipe line in question is a common carrier and subject to valuation. The opinion then points out that our order involves only the valuation of the line and that therefore the contention that our finding that the line was a common carrier for valuation purposes might open it to use by other shippers of petroleum products or unconstitutionally deprive it of its property, was premature.

*Ayrshire Collieries Corp., et al. v. United States, et al.* (two cases, consolidated), 331 U. S. 132.

The lower court in these cases (two judges participating) had sustained our order of July 9, 1945, in I. & S. Docket No. 5139, *Coal*



to Beloit, Wis., and Northern Illinois, 263 I. C. C. 179, but the Supreme Court (in an opinion by Mr. Justice Murphy) held that where the case had been heard by three judges, and one of the judges became ill immediately after the argument and was unable to participate in the determination of the case, the two judges had no authority to proceed, even though in agreement as to the validity of the order. The Court held that the case must be determined as well as heard by a three-judge court. Mr. Justice Rutledge dissented.

*Motor Haulage Co. v. United States*, 331 U. S. 784.

The Supreme Court, in a *per curiam* opinion, sustained the district court (70 Fed. Supp. 17) which had upheld the validity of our order dated January 7, 1946, in Docket No. MC-31214, finding that plaintiff was a contract carrier by motor vehicle, limited to a certain type of service, and of specified commodities, over irregular routes; and in Docket No. MC-60387, finding Bonner Hauling Co., Inc., to be the same type of carrier in other territory. (41 M. C. C. 404; 43 M. C. C. 563; 43 M. C. C. 802, and 46 M. C. C. 107.)

In the lower court no one attacked our finding that Motor Haulage is a contract carrier rather than a common carrier, which was one of the most sharply contested issues before us. In granting a "grandfather" contract carrier permit we imposed commodity and territorial limitations as well as limitations as to the scope and nature of the business to be performed. All of these limitations were attacked in the suit; all were sustained.

The most important part of the decision is that which sustains our ruling that Motor Haulage's services under its so-called contracts of rental without responsibility constitute carriage for hire subject to the act. Motor Haulage, on the "grandfather" date, was engaged generally as a carrier for hire. It also engaged to some extent in furnishing equipment to shippers. In instances where it merely furnished the equipment, to be operated by the shippers' drivers we held (46 M. C. C., p. 116) that it did not engage in operations as a carrier for hire. In other instances Motor Haulage, having leased or rented equipment to shippers under contracts disavowing carrier liability for the goods transported in the equipment, upon the request of the shippers furnished drivers for the equipment. We held that in such instances Motor Haulage functions as a contract carrier. This ruling was attacked by Motor Haulage in the court suit. The lower court's opinion differentiated *Thomson v. United States*, 321 U. S. 19, and said it was confident we were right in our determination. The Supreme Court affirmed the decision of the lower court in its *per curiam* opinion.

*Falwell et al. v. United States*, 330 U. S. 807.

In this case, the Supreme Court in a *per curiam* decision, affirmed

the decision of the three-judge court for the District of Virginia (69 Fed. Supp. 71) sustaining our order in MC-F-2600, *Falwell Fast Freight, Inc.—Pur. Draper, and Evans Line, Inc.*, 40 M. C. C. 439.

In this proceeding, division 4, on February 22, 1945 (40 M. C. C. 127), approved the purchase by the Falwells of certain irregular-route operating rights granted one Draper in a previous "grandfather" proceeding. The Falwells and Draper claimed to have consummated said rights immediately and the Falwells, having previously been granted temporary authority, continued to operate by virtue of the division order. Within the time prescribed by our rules of procedure, certain protestants filed petitions for reconsideration, and the conclusions of the division were overruled by the Commission with respect to the Draper rights and the purchase thereof disapproved.

The division's approval of a purchase of other rights by the Falwells from Evans Line, Inc., in the same proceeding was confirmed.

The plaintiffs contended that we were arbitrary and capricious in finding that the plaintiffs would use the irregular route rights between Roanoke and Lynchburg, Va., sought to be acquired from Draper as a basis for conducting regular route operations, in coordination with their already authorized regular rights. They relied upon our action in the *Old Colony Motor Lines, Inc.*, case, 39 M. C. C. 143. The lower court pointed out that in the instant case it appeared that under the temporary authority the plaintiffs had been conducting regular route operations under the Draper rights, had expressed their intention to continue to do so, and had applied to us for approval of regular route authority between Lynchburg and Roanoke. The court therefore distinguished the instant case from the *Old Colony* case, wherein it was not found that regular route operation under irregular route authority was contemplated.

In conclusion the district court said:

There is nothing in the record before us which indicates that the Commission failed to give a fair and thoughtful consideration to plaintiffs' application or which supports the assertion that its findings were arbitrary, irrational and contrary to law. The questions passed on were peculiarly within the function of the Commission and we are unable to see wherein there has been any abuse in the exercise of that discretion which has been entrusted to it by the terms of the statute.

It follows that the complaint should be dismissed and it will be so ordered.

The Supreme Court, on March 31, 1947, affirmed the decision of the lower court.

*Corn Products Refining Co. v. United States*, 331 U. S. 790.

The Supreme Court affirmed *per curiam* the decision of the district court (69 Fed. Supp. 869) sustaining our seventy-fourth supplemental report, dated July 1, 1946, in *Ex Parte 104, Corn Products Refining Company, Terminal Services*, 262 I. C. C. 57 and 266 I. C. C. 181,



citing *United States v. American Tin Plate Co.*, 301 U. S. 402 and *United States v. Wabash Ry. Co.*, 321 U. S. 403. On October 13, 1947, the Court denied a petition for rehearing in this case.

*Tompkins et al. v. United States*, 329 U. S. 683.

This suit involved our report and certificate of January 6, 1945, in Docket No. MC-20783, *W. H. Tompkins Common Carrier Application*, in so far as we denied authority to applicant to operate from Nashville, Tenn., and points within 15 miles thereof, and also denied to applicant the right to transport general commodities in southern territory. A memorandum of this decision is cited in 44 M. C. C. 811, and the earlier report is in 42 M. C. C. 349. On December 9, 1946, the Supreme Court entered a *per curiam* order the material portion of which reads:

The motion to affirm is granted and the judgment is affirmed. *United States v. Carolina Freight Carriers Corp.*, 315 U. S. 475. Mr. Justice Black, Mr. Justice Reed and Mr. Justice Douglas are of the opinion that probable jurisdiction should be noted.

*Miami Transportation Co. v. United States*, 332 U. S. ———.

The Supreme Court, on October 27, 1947, granted the motion to affirm, filed by us in this case, thus affirming the decision of the United States District Court for the Southern District of Indiana, which had sustained our report and order of September 27, 1944, in Docket No. MC-22305, *Lett & Company of Indiana, Inc., Common Carrier Application*, 43 M. C. C. 816, in so far as we denied certain operating authority to plaintiff. No opinion was written, the Court citing its prior decision in *United States v. Carolina Freight Carriers Corp.*, 315 U. S. 475, as authority for its action.

*United States et al. v. The Short Line, Inc., and The Short Line, Inc. v. United States et al.*, 332 U. S. ———.

Upon stipulation of all the parties, the Supreme Court entered an order on October 13, 1947, dismissing the appeal and cross appeal. These suits involved our report and order of April 22, 1946, in Docket No. MC-1517 (Sub-No. 7), *New England Greyhound Lines, Inc., Massachusetts and Rhode Island*, authorizing applicant to transport passengers and their baggage, etc., between Taunton, Mass., and Wyoming, R. I., over a prescribed route through Newport, R. I., serving all intermediate points, subject to a condition stated. The effect of the stipulation was to restore our decision, which had been enjoined in part by the district court.

Other decisions of interest in connection with our work were:

*United States v. Pullman Co.*, 330 U. S. 806.

The Supreme Court in this case, by a *per curiam* opinion dated March 31, 1947, affirmed (by an equally divided court with Justice Jackson not participating) the decision of the lower court (50 Fed



Supp. 123, 53 Fed. Supp. 908, and 64 Fed. Supp. 108) approving the contract of Pullman, Inc., for the sale of the Pullman Co. stock to a group of railroads, subject to various conditions designed to prevent repetition of certain practices of the Pullman Co. which had been condemned by the court. Under the heading "Railroad Sleeping Car Service," page 42 of this report, we have discussed in more detail these proceedings.

*Fleming v. Traphagen*, 329 U. S. 686.

In this case, the Supreme Court granted a petition for writ of certiorari to review the decision of the Circuit Court of Appeals, Seventh Circuit (155 Fed. (2d) 889) holding that secured bondholders of reorganizing company whose bonds the district court excluded from reorganization are entitled to interest on bond coupons, after their maturity, since the power to deal with or modify the securities conferred on the Bankruptcy Court by the Bankruptcy Act, does not apply to securities excluded from reorganization, and under governing State law, interest may be allowed on bond coupons after maturity date. The decision of the lower court was reversed on the authority of *Vanston & Vanhorn Bondholders' Protective Committees v. Green et al.*, 329 U. S. 156.

*Market Street Ry. Co. v. Railroad Commission of California*, 329 U. S. 793.

In this case the Supreme Court denied certiorari to review a decision of the Supreme Court of California (171 Pac. (2d) 875) holding that in view of the affirmance of a rate reduction order by the State commission, the street railway company has no legal right to more than the reduced fare during the life of the stay order, and the city, which has purchased the company's property, was entitled to refund representing excess funds collected by the company during the life of the stay order.

*St. Louis-San Francisco Ry. Co. et al. v. Fort Scott Bondholders Committee et al.*, 329 U. S. 775.

In these two cases, the Supreme Court on November 12, 1946, denied petitions for writs of certiorari, thus declining to disturb the decisions of the Circuit Court of Appeals for the Eighth Circuit (156 Fed. (2d) 161; 156 Fed. (2d) 158) which had sustained the decision of the district court confirming our plan of reorganization of the St. Louis-San Francisco.

*Chicago, Rock Island & Pacific Ry. Co. v. Fleming*, 329 U. S. 780.

On November 18, 1946, the Supreme Court denied certiorari to review a decision of the Circuit Court of Appeals for the Seventh Circuit (157 Fed. (2d) 241), involving the plan of reorganization of this railroad. When the district court confirmed our plan on June 25, 1943, it referred the plan back to us for further consideration of some

of the objections and for determination of the distribution to be made among creditors of the anticipated surplus profits of the years 1942 and 1943. Also to be distributed were such of the new securities originally intended to provide cash working capital as would no longer be needed for that purpose. In our supplemental report, we decided that the effective date of the plan should be postponed from January 1, 1942, to January 1, 1944; that additional new first-mortgage bonds in the principal amount of \$12,409,600 were available for distribution to creditors because of the net earnings of the debtor in 1942 and 1943, and that cash in the amount of \$38,011,922 was available for distribution as 8 years' interest on the new first-mortgage bonds, 4 years' interest on the new contingent interest bonds, 2 years' dividends on the new preferred stock, and \$2.50 per share on the new common stock. The petitioners maintain that we and the lower court had erred in the proposed distribution of \$12,409,600 of additional new first-mortgage bonds, and in the proposed distribution of \$38,011,922 of cash, all made available for distribution because of the earnings of the debtor in 1942 and 1943. It was the contention of the debtor that the proposed distributions are illegal and inequitable and that they violate the standards fixed in the *Denver & Rio Grande* decision, approved by the Supreme Court. Petitioners maintained that the \$12,409,600 of new first-mortgage bonds should be applied for the benefit of the stockholders of the new company, and that the cash of \$38,011,922 be distributed to the stockholders of the new company after payment of the interest and dividends on the new bonds and preferred stock. By denying certiorari, the Court refused to review these contentions.

*Dickheiser et al. v. The Pennsylvania R. Co.*, 329 U. S. 808.

In this case petitioners sought to enjoin consummation of a proposed settlement and release of claims between the Pennsylvania and the Pennroad Corp. It appeared that stockholders of Pennroad had begun in 1932 a series of "derivative suits" against the Pennsylvania to recover damages for alleged fraudulent investment and dissipation of Pennroad capital. In two consolidated suits in that series, those of Ione Overfield and Grace Weigle, a judgment in the amount of \$22,104,515 was entered against the Pennsylvania but, on appeal, the United States Circuit Court of Appeals for the Third Circuit reversed on the ground the action was barred by the statute of limitations. Later, it was stated, the Pennsylvania and Pennroad negotiated a proposed settlement of the litigation with approval of the board of directors of each corporation, providing for payment by the Pennsylvania to Pennroad of \$15,000,000 in settlement of a suit brought by Joseph W. and Julia Perrine, and providing further that the Overfield-Weigle suits be dismissed as a condition precedent to payment of the



money. The petitioners alleged that the settlement agreement was the result of a conspiracy between the Pennsylvania, certain of its directors, Ione Overfield and Grace Weigle and their attorneys, to dissipate assets of the Pennsylvania in the amount of \$15,000,000, and contended that the directors' approval of the agreement was a wanton disregard of the interests of the Pennsylvania. The district court granted the motion of the Pennsylvania and other respondents for dismissal of the complaint and granted summary judgment under Rule 56 of the Rules of Civil Procedure on the ground that the record revealed no genuine issues of material facts, and the bill of complaint failed to state claim against corporate defendants upon which relief could be granted. The Circuit Court of Appeals affirmed (155 Fed. (2d) 266) and the Supreme Court denied certiorari.

*Perrine v. Pennroad Corp.*, 329 U. S. 808.

In this case the Supreme Court, January 20, 1947, denied a petition for writ of certiorari. This was a derivative suit by stockholders of a Delaware holding corporation, the Pennroad Corp., against the Pennsylvania Railroad in a State chancery court, which entered a decree approving a settlement agreement between corporations, calling for a cash payment from defendant, conditioned upon dismissal of the suit, disposition of certain cases pending in Federal Circuit Court of Appeals by allowing a mandate to be entered therein and time for applying for certiorari to elapse, and execution of releases to defendant. The State court (47 A. (2d) 479) held there was no merit in the contention that the vice-chancellor's refusal to admit all evidence offered by objecting stockholders deprived them of due process of law; although a State chancery court cannot by its decree dismiss actions pending in Federal court, it is competent for the State court in a stockholders' derivative suit, where the controversy had been settled, to entertain a petition for approval of the settlement agreement.

*Feldman v. Pennroad Corp.*, 329 U. S. 808.

In this case the Supreme Court denied a petition for writ of certiorari to review a decision of the Circuit Court of Appeals, Third Circuit, holding that in the absence of bad faith, the law of Delaware afforded a stockholder of Pennroad Corp. no right to judicial interference with the settlement of a claim by his corporation merely because the amount agreed upon in the settlement is deemed by him to be inadequate; the stockholder, having actively participated in the State court suit wherein it was determined that the directors had acted in good faith in agreeing to a settlement of the corporation's claims against the Pennsylvania Railroad Co., was estopped from further litigating the question of good faith in the Federal courts. (155 Fed. (2d) 773).

*Axelrod v. Fleming*, 329 U. S. 811.



On February 3, 1947, the Supreme Court denied a petition for writ of certiorari to review a decision of the Circuit Court of Appeals, Seventh Circuit (157 Fed. (2d) 241), holding that we need not proceed *de novo* on remand to us of railroad reorganization proceeding after disapproval of part of a proposed reorganization plan by the district court, also that the modified reorganization plan was fair and equitable and afforded due recognition of all classes of creditors, and so long as legal standards were followed, our judgment on capitalization was final and not subject to review.

*Pennsylvania R. Co. v. McCarthy*, 329 U. S. 812.

The Supreme Court, on February 3, 1947, denied a petition for a writ of certiorari to review a decision of the Circuit Court of Appeals, Seventh Circuit (156 Fed. (2d) 877), holding that in a suit under the Federal Employers' Liability Act to recover damages for death of a railroad engineer, the evidence showed that the railroad's failure to furnish a safe locomotive in violation of the Safety Appliance Act was the proximate cause of the employee's death, that that act imposes on the carrier the absolute and continuous duty to have its locomotives equipped with parts and appurtenances which are safe when in their normal place, and that the trial court's instruction to the jury that the railroad's liability depended upon showing that it did not use due care in furnishing a locomotive to decedent was erroneous, since the Safety Appliance Act made the railroad's duty absolute and continuing to furnish a safe locomotive, and that the defenses of assumption of risk and contributory negligence were not available to the railroad.

*Gardner, Trustee, Central Railroad of New Jersey v. State of New Jersey*, 329 U. S. 565.

This case involved another chapter in the history of the litigation growing out of unpaid taxes owed by this railroad to the State of New Jersey. In the reorganization court having the Central Railroad of New Jersey under its jurisdiction the State had filed proof of claims which, according to the decision, stated:

\* \* \* The proof of claim stated that over \$18,000,000 had been paid on the tax claim, leaving unpaid some \$12,000,000, plus interest of over \$7,700,000, plus additional interest on those sums from December 1, 1940. The proof of claim also stated that under New Jersey law the sums owed were secured by "a lien paramount to all other liens upon all the lands and tangible property and franchises of the company in this State."

The Supreme Court said:

*First.* We think, contrary to the position of New Jersey, that the reorganization court had jurisdiction over the proof and allowance of the tax claims and that the exercise of that power was not a suit against the State. \* \* \*

The Court held that the reorganization court has jurisdiction over

all of the property of the debtor including that on which New Jersey asserts a lien, and that the power of the court to deal with liens extends to the lien which New Jersey claims.

In the concluding portion of its opinion, the Supreme Court said:

We intimate no opinion on the merits of the settlement controversy. Nor do we intimate any view on the amount of the tax claim which should be allowed or on the validity, character, priority, or extent of the lien asserted by New Jersey, or on the manner in which it should be satisfied in a plan for reorganization. We only hold that the reorganization court could properly entertain all objections to the claim except those involving the valuations underlying the assessments and the validity of those assessments.

*Steele v. General Mills, Inc.*, 329 U. S. 433.

This case involved facts wherein petitioner had been granted a permit as a contract carrier by the State of Texas, on the condition that the "minimum rate to be charged by contract carriers [would be] the rate prescribed for common motor carriers." Petitioner and respondent had a supplemental agreement, unknown to the State commission, under which the rates collected were less than those prescribed for common motor carriers. Three years later the petitioner sued to recover the full rate fixed by the Commission, and respondent defended on the ground that petitioner had assured it that its type of transportation was not subject to regulation by the State commission, as a consequence of which it entered into the supplemental agreement to pay the lower rate. The district court held that shippers and carriers could not by private agreements defeat the State's statutory purpose to require uniform transportation rates. The Circuit Court of Appeals reversed (154 Fed. (2d) 367) holding that both parties were in *pari delicto*, and the court would leave the parties in the position their own conduct had placed them. The Supreme Court granted certiorari, reversed the Circuit Court of Appeals and affirmed the decision of the district court.

*Krug v. Santa Fe Pacific R. Co.*, 329 U. S. 591.

In this case, the Supreme Court had occasion to deal with land grant rates, and the opinion recites the history of aids to railroads in the early days of the country. The Court then directed attention to the passage of the Transportation Act, 1940, by section 321 of which it was provided that land-grant roads could, by compliance with specific conditions, collect from the—

Government full commercial rates, except for the transportation of military and naval freight and personnel. In brief, it required that a railroad, to qualify for full rates, must execute, within a year after passage of the Act, a release of any claim it might have "against the United States to lands, interest in lands, compensation, or reimbursement on account of lands or interests in lands, which have been granted, claimed to have been granted, or which it is claimed should have been granted to such carrier or any . . . predecessor in interest *under any*

*grant to such carrier or such predecessor in interest as aforesaid.*" [Italics supplied.]

In holding that by accepting the act and executing releases the railroads released all claims under the land grant acts, the decision concluded:

\* \* \* All the Acts here involved, the Acts of 1866, 1874, 1904, and 1940, relate to a continuous stream of inter-related transactions and controversies, all basically stemming from one thing; the land grants. We think Congress wrote finis to all these claims for all railroads which accepted the Act by executing releases.

*Insurance Group Committee v. Denver & Rio Grande Western R. Co.*, 329 U. S. 607.

The Supreme Court of the United States held that the action of the Circuit Court of Appeals in staying the reorganization proceedings on contentions by the railroad that greatly improved business and economic conditions made necessary a reconsideration of the plan, was improper. The carrier contended that the plan was based on evidence taken by us up to May 20, 1941. The opinion pointed out that an earlier decision in the same case, June 10, 1946, 328 U. S. 495, had considered the reasons now advanced and had concluded that "the alleged changes were not of a kind which justified reexamination of the plan." The opinion in part reads:

In sum, the very kinds of changed circumstances which were argued here formerly as reasons for not approving and confirming the plan of reorganization were presented by the petition now under review to the District Court as reasons why that court should vacate its orders of approval and confirmation, and remand the plan to the Commission for reconsideration. The debtor argues that it only urged this Court to take judicial notice of the existence of these changed circumstances, and that our refusal to do so should not bar it from proving these changes in the District Court. Our holding was not based upon a conclusion that this Court could not take judicial notice of changes in economic conditions subsequent to approval by the Interstate Commerce Commission. We concluded that even if weighed the alleged changes were not of a kind which justified re-examination of the plan.

The opinion held that when we "find[s] the value of a railroad system by any means, the correctness of the result cannot be mathematically proved or disproved." Continuing on this point, the opinion reads:

\* \* \* The difficulties of appraisal are multiplied by the necessity of looking into the future to estimate earnings. Earnings estimates are made with allowance for changing economic conditions. So are interest rates. All this is recognized by everyone but the Commission has found no better way to determine the allocation of new securities among the various classes of stockholders or of creditors of a railroad with their different rights.

With respect to legislation concerning this subject, the Court said:

So far as the period since June 10, 1946, is concerned, there is no basis in this



record or in anything judicially known to us for a conclusion that there has been a significant change in interest rates, earnings available for interest or traffic. Nor do we see that the action of Congress in passing S. 1253, on July 31, 1946, should persuade us to require a stay to await further enactments that might affect this reorganization. It was vetoed. President's Memorandum of Disapproval, August 13, 1946. Our understanding of our duties under the Railroad Reorganization Act, in the face of strong criticism of its provisions, was expressed in the former review of this plan, slip opinion, p. 9. It need not be repeated. We must continue to act under the now existing law. Whether or not changes may be made that will effect this reorganization, we do not know. It is quite understandable to us that stockholders strive to preserve the equities of their investments and that creditors should feel, in this case, that they have not recovered the value of their investment. Such convictions are to be respected.

*United States v. Powell*, 330 U. S. 238.

The Supreme Court held in this case that phosphates shipped to England under the Lend-Lease Act to use as fertilizer are not "military or naval property moving for military or naval and not for civil use" under the Transportation Act of 1940, so as to entitle the Government to land-grant rather than commercial freight rates.

In a closely related case, *Northern Pacific Ry. Co. v. United States*, 330 U. S. 248, decided the same day, March 3, 1947, the Supreme Court held that Government-owned cable, lumber, bowling alleys, and asphalt destined for use by military and naval forces for merchant fleet, for military training purposes, and for maintenance of morale in isolated military posts, are "military or naval property moving for military or naval and not for civil use" under the Transportation Act of 1940, so as to entitle the Government to land-grant rather than commercial freight rates, the use to which the property is to be put being the controlling test of its military or naval character.

*Texas & Pac. Ry. Co. v. St. Louis-Southwestern Ry. Co.*, 330 U. S. 825.

On March 3, 1947, the Supreme Court denied petition for writ of certiorari in this case to review a decision of the Circuit Court of Appeals (158 Fed. (2d) 251), involving the question of whether the appellee, an intermediate carrier, is obligated to account to the appellant, the initial carrier, for the proportion of a joint freight charge claimed by appellant for the transportation of crude petroleum over a through route from Wickett, Tex., to Whiting, Ind., wherein the lower court held:

Where question whether intermediate carrier was required to account to initial carrier for initial carrier's full proportion of joint freight charge for transportation of crude petroleum by rail, though connecting carrier had not received a sufficient amount from carriers to which it delivered the petroleum, to pay both itself and initial carrier's full proportion, was submitted to Interline Freight Accounting Arbitration Committee and the Appeal Committee for arbitration in accordance with Mandatory Freight Accounting Rules, and arbitrators decided for intermediate carrier, their decision, whether right or wrong, was binding on courts.

*Southern Pac. Co. v. United States*, 330 U. S. 833.

The Supreme Court, on March 10, 1947, denied a petition for a writ of certiorari to review a decision of the Circuit Court of Appeals (67 Fed. Supp. 966), holding that reduced land-grant rates applied on shipments of motor vehicles for use of the Chinese army.

*Southern Pacific Co. v. Henwood; Meyer v. Henwood, and St. Louis Southwestern Ry. Co. v. Henwood*, 330 U. S. 836.

In these cases the Supreme Court denied petitions for writs of certiorari to review a decision, wherein the Circuit Court of Appeals had, with one minor exception, sustained the plan of reorganization for the St. Louis-Southwestern (157 Fed. (2d) 337).

*Federal Power Commission v. Arkansas Power & Light Co.*, 330 U. S. 802.

This case involved an original cost-accounting order of the Federal Power Commission, and on March 10, 1947, the Supreme Court entered an order therein, the effect of which was to remand the power company to the Commission because it had not exhausted its administrative remedy.

*Independent Warehouses, Inc., v. Scheele*, 331 U. S. 70.

In this case the Supreme Court held that coal stored at a transit point in New Jersey for subsequent delivery to consumers in New York City, under a transit tariff on file with us, was subject to a licensing ordinance and the taxes imposed thereby. The Court said "that the storage of the coal as part of a transit privilege does not in itself sustain appellant's claim that the transit movement had not stopped sufficiently for the State's taxing power to attach when the coal reached and was stored in Coalberg."

Justice Frankfurter wrote a special concurring opinion, and Mr. Justice Jackson dissented in an opinion with which the Chief Justice concurred.

*Mason & Dixon Lines v. Virginia*, 331 U. S. 807.

On April 14, 1947, the Supreme Court denied a petition for a writ of certiorari in this case, thus declining to review a decision of the highest court of Virginia, imposing a gasoline tax on gasoline purchased in other States but used on Virginia highways.

*Norfolk Southern Bus Corp. v. Virginia Dare Transp. Co.*, 331 U. S. 827.

On May 19, 1947, the Supreme Court of the United States denied a petition for a writ of certiorari to review a decision of the Circuit Court of Appeals, Fourth Circuit (159 Fed. (2d) 306), wherein that court held that a contract between interstate motor carriers whereby the defendant carrier was to operate only 2 days a week instead of 6 as it had previously done, and whereby defendant carrier was to be allocated one-third and plaintiff carrier two-thirds of net business and

revenues were to be divided at end of month on a one-third and two-thirds basis, was in conflict with the Sherman Act and the Interstate Commerce Act in the absence of specific approval thereof by us, and operation under contract without securing such approval constituted an offense during each day of its continuance.

*American Power & Light Co. v. Securities and Exchange Commission*, 331 U. S. 827.

On May 19, 1947, the Supreme Court denied certiorari thus declining to review a decision of the lower court (158 Fed. (2d) 771), holding that the evidence supported the Commission's order requiring wholly owned subsidiary in connection with recapitalization and reorganization proposals to take out of surplus certain engineering and construction fees which were paid to the holding company's wholly owned construction subsidiary and capitalized in subsidiary's plant account, and to appropriate out of surplus to a contingency reserve, on an installment basis, the excess charged by the holding company for transfers of properties to the subsidiary at the time of the latter's organization over original cost to persons first dedicating them to public use, the appropriation to be without prejudice to the subsidiary's right to contest the validity of any definite order with respect to such items as may ultimately be issued, and further holding that the order conformed to sound accounting principles and was authorized by the Public Utility Holding Act of 1935.

*New York Central R. Co. v. Norton*, 331 U. S. 844.

On June 9, 1947, the Supreme Court denied a petition for a writ of certiorari, thus declining to review a decision of the lower court (160 Fed. (2d) 29), holding that in railroad reorganization proceedings the district court's rejection of the trustee's determination to disaffirm trackage contracts requiring debtor to switch cars of another railroad across debtor's terminal for a reasonable switching charge, without benefit of division of revenue, was premature in absence of a certification from us of our decision respecting issue of modification of switching rate involved, since our power and duty to determine in the public interest whether trackage rights shall be terminated is paramount, also holding that trackage contracts did not vest such interest in the other railroad as to prohibit their rejection as burdensome by the reorganization trustee.

*Bush Terminal Railroad Co. v. Bush Terminal Buildings Company*, 331 U. S. 843.

In this case, the Supreme Court denied a petition for a writ of certiorari to review a decision of a New York State court (271 App. Div. 835), holding that the owner of industrial buildings is entitled to specific performance of a 1911 contract requiring the railroad until 1960 to serve buildings by railroad cars exclusively for movement of



all freight, including package freight. This action was taken on June 9, 1947.

*Myers v. Reading Co.*, 331 U. S. 477.

This case involved an action for damages resulting to petitioner from the use of a defective hand brake, in violation of the provisions of the Safety Appliance Act. A jury had awarded petitioner damages of \$5,000 but the verdict was set aside on motion of the defendant carrier and judgment so entered. In reversing the Supreme Court held that "there was an absolute and unqualified prohibition against the respondent's using or permitting to be used, on its line, any car not equipped with efficient hand brakes." Further the Court said:

\* \* \* Here it is not necessary to find negligence. A railroad subject to the Safety Appliance Acts may be found liable if the jury reasonably can infer from the evidence merely that the hand brake which caused the injuries was on a car which the railroad was then using on its line, in interstate commerce, and that the brake was not an "efficient" hand brake. \* \* \*

\* \* \* While different conclusions might be possible, the jury, which heard the testimony and saw the petitioner's illustrations of his handling of the brake, reasonably could infer from that evidence that the condition of this brake and its action were not those of an efficient hand brake.

*Brotherhood of Railroad Trainmen v. Baltimore & Ohio R. R. Co.*, 331 U. S. 519.

This case involved the rights of representatives of employees to intervene in a suit brought against the railroad under section 16 (12) of the Interstate Commerce Act. In the *Chicago Junction* case, 71 I. C. C. 631, we had attached to our order of approval certain conditions, the third reading as follows:

\* \* \* "The present traffic and operating relationships existing between the Junction and River Road and all carriers operating in Chicago shall be continued, in so far as such matters are within the control of the Central." 71 I. C. C., at 639. \* \* \*

When the New York Central and the Chicago River and Indiana Road on January 25, 1946, entered into a new arrangement for the movement of cars over the trackage involved, the trunk-line railroads brought suit on the ground that the new arrangement violated the third condition, set forth above. After a preliminary injunction had been granted, the Brotherhood sought to intervene, but its motion was denied by the district court.

In reversing, the Supreme Court said:

In our view, section 17 (11) of the Interstate Commerce Act does give the Brotherhood an absolute right to intervene in the instant proceeding within the meaning of Rule 24 (a) (1). As set forth in 54 Stat. 916, this portion of the Act reads: "Representatives of employees of a carrier, duly designated as such, may intervene and be heard in any proceeding arising under this Act affecting such employees." \* \* \*

Second. The right of intervention granted to such a representative by section 17 (11) applies to a court proceeding under section 16 (12) of the Act, the plain language of section 17 (11) extending its reach to "any proceeding arising under this Act."

\* \* \* \* \*

Nor do we perceive any reason of statutory policy why the framers of section 17 (11) should have wished to confine the right of intervention by employee representatives to proceedings before the Commission. \* \* \*

\* \* \* \* \*

\* \* \* If the Commission order did require the River Road employees to forego operating the livestock cars, their contract rights with River Road were affected in a very real sense. \* \* \*

\* \* \* \* \*

The concluding paragraph of the decision reads:

We thus conclude that section 17 (11) gives the Brotherhood an absolute right to intervene in this proceeding, making it unnecessary to discuss whether, and to what extent, the Brotherhood would have had such a right apart from section 17 (11). It follows that we have jurisdiction to consider the appeal on its merits. And in the exercise of that jurisdiction, we reverse the judgment of the District Court denying leave to the Brotherhood to intervene.

*Southern Pacific Co. v. United States*, 331 U. S. 846.

In this case, the Supreme Court, on June 16, 1947, denied a petition for a writ of certiorari to review a decision of the lower court (69 Fed. Supp. 208) holding that a land-grant railroad which transported construction equipment, food, books, and other such materials to Japanese relocation centers established by the Army is not entitled to commercial rate since such carriage is transportation of military or naval property of United States for "military or naval and not for civil use" under the Transportation Act of 1940.

*Friedman's Express, Inc. v. Loeb*, 331 U. S. 851.

In this case, the Supreme Court of the United States, on June 16, 1947, denied a petition for a writ of certiorari to review a decision of a New York appellate court, holding that an interstate motor carrier, sued for loss in transit of part of interstate shipment of merchandise, was not entitled to limit its liability, because limitation of liability was not stated in writing on the face of the bill of lading, and therefore the carrier was liable to the full extent of the loss. By denying certiorari, the Supreme Court declined to disturb this holding.

*United States v. Silk*, and *Harrison v. Greyvan Lines*, 331 U. S. 704.

In these two cases, decided together on June 16, 1947, the Supreme Court held that coal unloaders who unload coal from railroad cars into dealer's bins at an agreed price per ton are employees and not independent contractors under the Social Security Act, giving benefits, and under certain provisions of the Internal Revenue Code, imposing a tax. The opinion, by Mr. Justice Reed, also holds that truck owners who deliver coal for dealer at an agreed price per ton

are independent contractors under such laws, and truckmen and helpers who furnish services and trucks to interstate motor common carrier in hauling goods under contract are independent contractors and not employees, and that the total situation, including risk undertaken, control exercised, opportunity for profit, et cetera, marks owner-drivers as independent contractors, and the fact that in one case the driver-owners haul for one business while in the other they haul for any customer, while important, is not controlling.

*Mexican Light & Power Co. Ltd. v. Texas Mexican Ry. Co.*, 331 U. S. 731.

This case, decided June 16, 1947 (opinion by Mr. Justice Frankfurter), held that the liability of the initial carrier for damages which occurred on connecting carrier in Mexico is not removed by the fact that an intermediate carrier issued a second bill of lading, since the second document issued by carrier was issued without any consideration therefor, and was void under the Carmack Amendment, section 20 (11) of part I of the Interstate Commerce Act.

Mr. Justice Reed dissented in an opinion which was joined in by the Chief Justice.

*United States v. Yellow Cab Co.*, 332 U. S. 218.

In this case, decided June 23, 1947 (opinion by Mr. Justice Murphy), the Supreme Court held that a taxicab operating company transporting interstate railroad passengers between railroad stations in Chicago, Ill., under an exclusive contract with the railroads, is engaged in interstate commerce so as to be subject to prosecution under the Sherman Act, but that companies which transport interstate passengers to and from railroad stations as a part of their regular taxicab operations within that city are not so engaged, since the passenger's interstate journey starts or ends when he boards or leaves the train. The opinion also holds that the allegation of conspiracy to restrain trade in operation and sale of taxicabs states a cause of action under the Antitrust Act irrespective of the amount of interstate trade affected by the conspiracy.

(Justices Black, Rutledge, and Burton dissented in part and Justice Douglas took no part in the consideration or decision of the case.)

*Securities & Exchange Comm. v. Chenery Corp.*, and *Same v. Federal Water & Gas Corp.*, 332 U. S. 194.

In these cases, the Supreme Court held that the Securities & Exchange Commission, in a reorganization under the Public Utility Holding Company Act of 1935, may impose requirements which are designed to prevent the management of a company from profiting from purchases of its securities in the course of such reorganization; and also that an administrative agency may formulate new standards



of conduct by *ad hoc* adjudication as well as by quasi-legislative promulgation of rules to be applied in the future.

(Justices Frankfurter and Jackson dissented, and the Chief Justice and Justice Douglas took no part in the consideration or decision of the case.)

*Protective Committee for Bonds of Old Colony R. Co. v. New Haven R. Co.*, and *Institutional Group for Boston Terminal Bonds v. Same*, 331 U. S. 859.

In these cases, the Supreme Court, on June 23, 1947, denied petitions for writs of certiorari to review a decision of the Circuit Court of Appeals, Second Circuit, holding that the purchase price fixed by us to be paid for assets of a secondary debtor in a railroad reorganization proceeding is not inequitable and unfair even though the assets included "nonoperating" as well as "operating" property and even though we did not break the valuation down into items or express it in dollars, since proper statutory standards were applied, and that under procedure prescribed by section 57 (d) of the Bankruptcy Act, made applicable to railroad reorganization by section 77 (L), holders of unliquidated claims, ascertainment of which would have unduly delayed confirmation of reorganization plan, were not entitled to vote upon plan.

By denying certiorari, the Supreme Court declined to disturb these holdings. On October 20, 1947, a petition for rehearing was denied.

*Wilson v. United States*, 331 U. S. 860.

The Supreme Court, on June 23, 1947, denied a petition for a writ of certiorari in this case to review a decision of the lower court (160 Fed. (2d) 745) holding that a shipment of whiskey moving by railroad from Canada to Mexico, through the United States, is "interstate or foreign shipment of freight," within the meaning of that section of the code (18 U. S. C. 409) making it a crime to conceal or receive any goods, knowing same to have been stolen, which were part of or which constituted an "interstate or foreign shipment of freight."

By denying certiorari, the Supreme Court declined to disturb these holdings of the lower court.

*Chase National Bank of New York City v. Cheston et al.*, 332 U. S.

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The Supreme Court on October 20, 1947, denied petitions for writ of certiorari to review a decision of the Circuit Court of Appeals for the Seventh Circuit, reported in 160 Fed. (2d) 942, confirming our plan of reorganization with respect to the Rock Island Railroad, wherein the lower court had held that evidence of changed conditions since the approval of the plan was not sufficient to justify court order refusing to confirm plan.

By denying certiorari the Supreme Court declined to disturb this holding.

*St. Louis-San Francisco Ry. Co. v. Central Hanover Bank & Trust Co.*, 332 U. S. —.

In this case, the Supreme Court, on October 20, 1947, denied petition for writ of certiorari to review a decision of the Circuit Court of Appeals, Seventh Circuit, involving the question of whether that court had properly dismissed appeal from orders discharging reorganization trustee and consummating railroad reorganization plan reducing debtor's capital to less than its secured indebtedness and excluding unsecured creditors and stockholders from participating, on a finding that claims of unsecured creditors and interest of debtor had no value, which orders had been entered after the Circuit Court of Appeals had dismissed an appeal from an order confirming the plan.

By denying the petition for the writ, the Supreme Court declined to disturb these holdings.

*Gardner v. New Jersey*, 332 U. S. —.

In this case, the Supreme Court on October 27, 1947, denied petition for writ of certiorari to review the decision of the Circuit Court of Appeals for the Third Circuit, entitled *In re Central Railroad Co. of New Jersey* (163 Fed. (2d) 44), wherein the lower court had held that the effect of an alleged contract between the railroad and the State of New Jersey, whereby the State had accepted tax payment under tax settlement acts later declared unconstitutional by State courts, presented questions of State law. The action of the reorganization court in denying the request of the State to have the contract question determined by the State court was held to constitute error.

By denying certiorari the Supreme Court declined to disturb this holding.

*McCallum & Robinson, Inc., v. Henwood*, 332 U. S. —.

On October 13, 1947, the Supreme Court denied petition for writ of certiorari in this case, to review a decision of the Supreme Court of Tennessee holding that the railroad's suit to recover an alleged deficiency in freight charges on shipments of cotton delivered at Memphis, Tenn., upon bills of lading designating point of origin as Houston, Tex., and destination as Memphis, was not barred by the statute of limitations since the cause of action did not accrue until expiration of time allowed for exercise of the transit privileges under applicable tariffs, and that tariffs fixing rate of 65 cents per 100 pounds applied on the shipments involved, since a 42-cent rate named in another tariff did not fix the full reasonable local rate from Houston to Memphis and was not applicable.

*Southern Pacific Co. v. United States*, 332 U. S. —.

In this case, the Supreme Court, on October 13, 1947, denied

petition for writ of certiorari to review a decision of the lower court (69 Fed. Supp. 211), holding that releases filed by a land-grant railroad with the Secretary of the Interior on December 6, 1940, in order to qualify for full mail rates, were not in the form and letter prescribed by the Secretary and did not conform to his regulations, therefore, the carrier's transition from a land-grant to a non-land-grant role did not become effective until December 28, 1940, when the Secretary approved the releases.

*Texas & New Orleans Railroad Co. v. Rivera*, 332 U. S.—.

The Supreme Court, on October 13, 1947, denied petition for writ of certiorari, and dismissed an appeal from the Supreme Court of Louisiana, wherein that court held that the railroad was liable as a common carrier for the value of rice shipments destroyed by fire in its warehouse at port of export in Louisiana prior to delivery to connecting carrier while goods were in transit to Puerto Rico under through export bills of lading issued by the railroad at shipping point in Louisiana, and the fact that the railroad gave written notice of arrival of each shipment to connecting water carrier within a day or two after arrival of shipments at port did not reduce its liability to that of warehousemen under the provisions of the bill of lading.

*Gordon's Transport, Inc. v. McComb*, 332 U. S. —.

In this case, the Supreme Court, on October 13, 1947, denied petition for writ of certiorari to review a decision of the Circuit Court of Appeals (162 Fed. (2d) 203), wherein that court held that the motor-carrier exemption from the overtime compensation provisions of the Fair Labor Standards Act was not applicable to employees who were employed as break-out men, wheelers, and hostlers in freight terminals and warehouses maintained by the motor carrier.

### BUREAU OF LOCOMOTIVE INSPECTION

The work of this Bureau is shown in detail in the report of the director published separately. Except as otherwise stated, the report here made is for the fiscal year ended June 30, 1947.

The following tables covering the fiscal years indicated are self-explanatory.

TABLE I.—*Reports and inspections—Steam locomotives*

	Year ended June 30—					
	1947	1946	1945	1944	1943	1942
Number of locomotives for which reports were filed.....	39, 578	41, 851	43, 019	43, 297	43, 064	42, 951
Number inspected.....	94, 034	101, 869	115, 979	117, 334	116, 647	113, 451
Number found defective.....	10, 248	11, 337	11, 975	12, 710	11, 901	10, 970
Percentage inspected found defective.....	11	11	10	11	10	10
Number ordered out of service.....	708	690	506	630	487	474
Number of defects found.....	41, 250	56, 541	53, 367	56, 617	51, 350	44, 928



TABLE II.—*Accidents and casualties caused by failure of some part of the steam locomotives, including boiler, or tender*

	Year ended June 30—					
	1947	1946	1945	1944	1943	1942
Number of accidents.....	360	410	410	403	319	222
Percent increase or decrease from previous year.....	14.1	<sup>1</sup> 2.2	<sup>1</sup> 1.7	<sup>1</sup> 26.3	<sup>1</sup> 43.7	<sup>1</sup> 45.1
Number of persons killed.....	16	10	20	25	27	34
Percent increase or decrease from previous year.....	<sup>1</sup> 60.0	50.0	20.0	7.4	20.6	<sup>1</sup> 126.7
Number of persons injured.....	464	439	429	466	373	227
Percent increase or decrease from previous year.....	<sup>1</sup> 5.7	<sup>1</sup> 2.3	7.9	<sup>1</sup> 24.9	<sup>1</sup> 64.3	<sup>1</sup> 24.7

<sup>1</sup> Increase.TABLE III.—*Accidents and casualties caused by failure of some part or appurtenance of the steam locomotive boiler*<sup>1</sup>

	Year ended June 30—							
	1947	1946	1945	1944	1943	1942	1915	1912
Number of accidents.....	116	156	141	141	129	81	424	856
Number of persons killed.....	12	10	13	17	25	30	13	91
Number of persons injured.....	124	165	154	194	173	83	467	1,005

<sup>1</sup> The original act applied only to the locomotive boiler.TABLE IV.—*Reports and inspections—Locomotives other than steam*

	Year ended June 30—					
	1947	1946	1945	1944	1943	1942
Number of locomotive units for which reports were filed.....	7,805	6,616	6,094	5,139	4,351	3,957
Number inspected.....	13,115	10,908	9,888	7,711	6,847	6,728
Number found defective.....	633	499	447	378	298	358
Percentage of inspected found defective.....	4.8	4.6	4.5	4.9	4.4	5
Number ordered out of service.....	19	17	16	9	6	12
Number of defects found.....	1,442	1,385	1,212	1,026	849	928

TABLE V.—*Accidents and casualties caused by failure of some part or appurtenance of locomotives other than steam*

	Year ended June 30—					
	1947	1946	1945	1944	1943	1942
Number of accidents.....	40	38	29	17	15	9
Number of persons killed.....	2	—	<sup>1</sup> —	—	—	—
Number of persons injured.....	41	56	40	23	18	9

## INVESTIGATION OF ACCIDENTS AND GENERAL CONDITION OF LOCOMOTIVES

All accidents reported to the Bureau as required by the law and rules were carefully investigated and appropriate action taken to prevent recurrence as far as possible. Copies of reports of accident investigations were furnished to interested parties on request, and otherwise used in an effort to reduce the number of such accidents.

## STEAM LOCOMOTIVES

Three hundred and sixty accidents occurred in connection with steam locomotives resulting in 16 deaths and 464 injuries. This represents a decrease of 59 accidents, an increase of 6 in the number of persons killed, and an increase of 25 in the number of persons injured compared with the preceding year.

During the year, 11 percent of the steam locomotives inspected by our inspectors were found to have defects that should have been corrected before the locomotives were put into use, this percentage being the same as in the preceding year. Seven hundred and eight locomotives were ordered withheld from service by our inspectors because of defects that rendered the locomotives immediately unsafe, an increase of 18 over the preceding year. Locomotives found defective were not ordered out of service if such defects did not render them unsafe for the service to which they were put.

## EXPLOSIONS AND OTHER BOILER ACCIDENTS

Fourteen boiler explosions occurred in the fiscal year. Eleven employees were killed in these accidents and 22 were injured. There was a reduction of 4 in the number of boiler explosions, an increase of 1 in number of employees killed, and the same number of employees injured as in the preceding year.

Two explosions caused by overheating of the crown sheets occurred on locomotives in passenger-train service, nine on locomotives in freight-train service, and two on locomotives in charge of engine watchmen. One explosion on a locomotive in freight-train service was caused by overheating of the bottom sheet of the combustion chamber.

Three employees were killed in one of the two explosions that occurred while locomotives were hauling passenger trains. In this instance the train was running at an estimated speed of 55 miles per hour. The boiler was torn from the running gear, struck the track 407 feet from the point of explosion, bounded and struck the track 170 feet beyond, then rebounded and came to rest close to the track and 709 feet from the point of explosion. Parts of the wreckage were scattered within a radius of 700 feet. The running gear, tender, and first four cars of the train were derailed and stopped close to the boiler. Two employees were injured in the other explosion which occurred while the train was running at an estimated speed of 65 miles per hour. They were forced by escaping steam to leave the cab, but the engineer returned and applied the brakes.

Eight employees were killed and 2 injured in 3 of the 9 explosions

caused by overheated crown sheets, which occurred while the locomotives were in freight-train service, and the boilers were torn from the running gears. Four employees were killed and 1 was injured in 1 of these explosions, in which the locomotive, assisted by a Diesel-electric locomotive coupled ahead, was hauling a freight train at an estimated speed of 15 to 20 miles per hour. The boiler was hurled upward and forward over the helper locomotive. It alighted on the track 265 feet from the point of explosion, broke out a section of rail and made a deep impression in the road bed, bounded, and came to rest 390 feet from the point of explosion. The engineer and fireman of the steam locomotive were killed and the brakeman injured. The Diesel-electric helper locomotive, derailed at the broken rail and depression in the track, was damaged, and the engineer and fireman were killed. In the second of these explosions, which occurred while the locomotive was hauling a freight train at an estimate speed of 40 miles per hour, the engineer and fireman were killed. The boiler was hurled upward and forward 302 feet, bounded 77 feet, rebounded, and came to rest clear of the track 420 feet from the point of explosion. The running gear and tender remained attached to the train and stopped about 1,700 feet beyond the point of the explosion. The third explosion referred to occurred while the locomotive was hauling a freight train at an estimated speed of 45 miles per hour. The engineer and fireman were killed and the brakeman fatally injured. The boiler was hurled upward and forward, the back head struck the track, and the boiler turned over and alighted upside down and headed in the opposite direction at the base of the track embankment 293 feet forward of the point of explosion. The running gear and 13 cars were in wreckage at the foot of the embankment. In each of these explosions parts were scattered in various directions for distances as great as 900 feet.

Fifteen employees were injured in the eight remaining explosions, caused by overheated crownsheets. Six of these locomotives were in freight-train service and two were in charge of engine watchmen.

The overheating of the combustion chamber resulting in an explosion in which three employees were injured was caused by an accumulation of sludge in the water space between the bottom sheet of the combustion chamber and the boiler shell. This accident occurred about 20 minutes after the locomotive departed from the terminal, where the boiler had been recently washed. Thereafter, in making tests for leakage, water that contained a high content of sludge had twice been pumped into the boiler from the blow-back tank of the boiler-washing plant.

One hundred and two boiler and appurtenance accidents other than



explosions resulted in the death of 1 employee and injuries to 102 employees. There is a decrease of 36 accidents and a decrease of 41 injuries compared with the preceding year, in which no fatalities resulted from such accidents.

#### EXTENSION OF TIME FOR REMOVAL OF FLUES

Six hundred and fifty-six applications were filed for extension of time for removal of flues, as provided in rule 10 of the Rules and Instructions for Inspection and Testing of Steam Locomotives. Our investigations disclosed that in 160 of these cases the conditions of the locomotives, or other circumstances, were such that extensions could not properly be granted. In 24 instances conditions were such that the full extensions requested could not be authorized, but extensions for shorter periods of time were allowed. Twenty-two extensions were granted after defects disclosed by our investigations were corrected. Twenty-four applications were canceled for various reasons. Four hundred and twenty-six applications were granted for the full period requested.

#### LOCOMOTIVES PROPELLED BY POWER OTHER THAN STEAM

Forty accidents, resulting in 2 deaths and 41 injuries, occurred in connection with locomotives propelled by power other than steam. This represents an increase of 2 in the number of accidents, and a decrease of 15 in the number of persons injured compared with the preceding year. No fatalities occurred in the preceding year.

During the year 4.8 percent of the locomotives inspected by our inspectors were found with defects that should have been corrected before the locomotives were put into use. This represents an increase of 0.2 percent compared with the results obtained in the preceding year. Nineteen locomotives were ordered withheld from service by our inspectors because of the presence of defects that rendered the locomotives immediately unsafe, an increase of 2 over the preceding year.

#### SPECIFICATION CARDS AND ALTERATION REPORTS

Under rule 54 of the Rules and Instructions for Inspection and Testing of Steam Locomotives, 207 specification cards and 4,512 alteration reports were filed, checked, and analyzed. These reports are necessary in order to determine whether or not the boilers represented were so constructed or repaired as to render safe and proper service and whether the stresses were within the allowed limits. Corrective measures were taken with respect to numerous discrepancies found.

Under rules 328 and 329 of the Rules and Instructions for Inspec-

tion and Testing of Locomotives Other Than Steam, 1,274 specifications and 116 alteration reports were filed for locomotive units and 415 specifications and 192 alteration reports were filed for boilers mounted on locomotives other than steam. These were checked and analyzed and corrective measures taken with respect to discrepancies found.

### BUREAU OF MOTOR CARRIERS

We have mentioned in previous reports the acute shortage of equipment, operating personnel, and repair facilities with which the motor-carrier industry has been confronted. This situation has improved materially during the year with respect to parts and equipment, but that improvement has been offset by sharp rises in price, and in many cases carriers have been reluctant to make needed replacements for that reason. They have also encountered increases in cost of insurance, repairs, materials, supplies, and labor. The increase in cost of labor has been especially significant, for contracts have provided not only for a substantial rise in hourly wages but also for shortening the usual work period, which increases overtime pay. In some cases the relatively high overtime rate for work on Saturdays and Sundays has resulted in the use of a 5-day week. The increased cost of operation has led to the filing of tariff schedules providing for increases in truck rates in practically all sections of the country. We suspended some of the rates pending investigation into their reasonableness and lawfulness and have instituted investigations on our own motion into the reasonableness and lawfulness of others which were permitted to become effective. Many of the States have recognized the higher cost of operation by granting increases in intrastate rates.

The volume of traffic of motor carriers generally throughout the country is satisfactory. Carriers of household goods have suffered substantial losses of traffic, but the adverse financial effect of this decline has been offset to some extent by returns from the storage business, in which many of these carriers are engaged.

There has been an increase in applications for authority to consolidate operating rights, both under section 212 (b) and section 5 of the Interstate Commerce Act. Since the expiration of the Second War Powers Act there has been a decrease in the filing of applications for temporary authority, which has been offset by an increase in applications for permanent authority. When that act expired March 31, 1947, temporary authorities were extended under section 210a (a) for a period of 180 days, or until September 27, 1947. We have further extended temporary authorities covered by 528 applications for corresponding permanent authority pending determination of such applications.

We have continued to give particular attention during the year to the problem of highway safety. Our plan of administrative handling of safety matters directly with the carriers and more rigid enforcement of the safety regulations has stimulated interest in safety of operation by motor carriers in general. Our efforts have been assisted materially by the cooperation of local and State governments and by the realization on the part of the carriers that a good safety record results in lower insurance rates. Schools for the instruction of drivers have been conducted at many points. The experience and information gained in the past 8 years since our first safety regulations were put into effect have demonstrated a need for a general revision of those regulations and to that end we instituted a proceeding in 1946, *Ex parte No. MC-40*. We have had the cooperation of all concerned with the problem of highway safety in formulating proposed regulations to be made the subject of public hearings in coming months.

#### SECTION OF ACCOUNTS

The Section of Accounts is primarily responsible for the promulgation of uniform systems of accounts and the form of annual and periodical reports by carriers subject to part II of the act, as well as the examination of such reports. So far, uniform systems of accounts and report forms have been prescribed only for class I motor carriers (those having average gross operating revenues of \$100,000 or more annually from motor-carrier operations), which are required to file quarterly and annual reports. These reports are subjected to a detailed examination for the purpose of detecting errors, omissions, and inconsistencies. On October 31, 1947, there were 2,211 carriers of property, 340 carriers of passengers, and 32 carriers of both property and passengers subject to these regulations, as contrasted with 2,099 carriers of property, 337 carriers of passengers, and 33 carriers of both property and passengers on the same date last year.

The following shows the number of quarterly and annual reports received and examined during the year ended October 31, 1947 (corresponding data for the preceding year are also given):

Kind of report	1947		1946	
	Received	Examined	Received	Examined
Monthly reports—passenger <sup>1</sup> .....			2,928	2,988
Quarterly reports—passenger.....	1,463	1,531	1,377	1,695
Quarterly reports—property.....	8,728	8,656	8,171	8,361
Annual reports—Property and passenger.....	2,455	2,159	2,293	2,877

<sup>1</sup> Requirement for filing monthly reports canceled by order of July 15, 1946.



Our accountants conducted examinations of the accounts and records of 769 class I motor carriers, which were informed of changes necessary to conform to our requirements. These examinations demonstrated the desirability of more frequent and more intensive field examinations than we have heretofore been able to make.

The section handled 287 accounting cases in connection with mergers, consolidations, and acquisitions of control under section 5 of the act, and 2,375 financial and income statements filed with applications for transfer of rights under section 212.

An order entered January 29, 1947, required class I motor carriers of property having revenues of \$400,000 or more for 1945 to report in their 1947 annual reports supplemental information for the calendar year 1947.

A study of depreciation practices of class I motor carriers was continued with a view to prescribing rates of depreciation.

Other duties performed during the year included the preparation of financial and statistical exhibits and other data for introduction in rate cases, examinations of accounts and records of motor carriers for the purpose of obtaining evidence of alleged violations of the act and our regulations for use by the Section of Law and Enforcement.

When the Section of Finance was discontinued March 10, 1946, certain of its work and personnel were assigned to the Section of Accounts. All of the matters formerly handled by its accounting branch are now delegated to the Section of Accounts. Such matters handled for the 12-month period ended October 31, 1947, included preliminary examination of 2,375 applications filed under section 212 (b), preliminary examination of 304 applications filed under section 5, examination of supplemental accounting and financial data filed in connection with section 5 applications, preparation of 112 accounting and financial analyses of applications under section 5 for use by the examiners in conducting hearings and drafting final reports, review of accounting and financial matters in 258 final reports disposing of applications filed under section 5, and check and approval of 582 journal entries submitted by carriers as required by order under section 5, 212 (b) and 214 with respect to purchases, acquisition of control, consolidations, mergers, issuances of securities, and transfers.

#### SECTION OF CERTIFICATES

Our annual report for 1937 described in detail the duties of this section. The following table shows the status and number of applications for certificates, permits, licenses, temporary authority,

exemption, and operations under the second proviso of section 206 (a) filed since enactment of part II of the act:

	Cumulative to Oct. 31, 1946	Received Nov. 1, 1946 to Oct. 31, 1947	Cumulative to Oct. 31, 1947
"Grandfather" applications filed on and prior to Feb. 12, 1936.....	82,767	13	82,770
"Grandfather" applications filed after Feb. 12, 1936.....	6,760	21	6,781
Applications for authority to institute new operations.....	26,392	3,212	29,604
Applications for authority to conduct broker operations.....	1,312	67	1,379
Statements under second proviso (sec. 206 (a)).....	4,700	666	5,366
Applications for temporary authority under secs. 210 (a) and 204 (f).....	26,011	3,187	29,198
Applications for exemption of one-State operations under sec. 204a (4a).....	110	8	118
Total applications received.....	148,052	7,164	155,216
Applications approved.....	51,122	3,679	54,801
Applications denied, dismissed, or withdrawn.....	93,896	3,823	97,719
Applications pending.....	3,034	-338	2,696
Total.....	148,052	7,164	155,216

<sup>1</sup> Two applications previously reported as registrations transferred to "Grandfather" applications.

<sup>2</sup> Of the 2,686 applications pending, 24 are filed under the "grandfather" clauses of the act, sections 206 (a) and 209 (a), by motor carriers who claim to have been in bona fide operation on June 1, 1935, as common carriers, or on July 1, 1935, as contract carriers. The carriers filing such applications are authorized by the act to continue operations pending determination of their applications.

The following table shows the number of carriers and brokers engaged in motor vehicle transportation activities whose operations are subject to regulation under part II. Motor carriers operating exclusively under temporary authority granted under sections 210a (a) and 204 (f) are not included. Data include carriers issued operating authority but which have been authorized to suspend operations temporarily.

Motor carriers	Cumulative to Oct. 31, 1946	Nov. 1, 1946 to Oct. 31, 1947	Cumulative to Oct. 31, 1947
<i>Property carriers</i>			
Common, issued certificates under sections 206 or 207.....	<sup>1</sup> 16,032	12	<sup>2</sup> 16,020
Common under second proviso of section 206 (a).....	1,740	100	1,840
Contract, issued permits under section 209.....	3,172	6	3,178
"Grandfather," no final authority issued.....	57	-23	34
Late "Grandfather," no final authority issued.....	30	-6	24
Total property carriers.....	21,031	65	21,096
<i>Passenger carriers</i>			
Common, issued certificates under sections 206 or 207.....	<sup>1</sup> 1,321	65	<sup>2</sup> 1,386
Common under second proviso of section 206 (a).....	202	-5	177
Contract, issued permits under sec. 209.....	9	5	14
"Grandfather," no final authority issued.....	3	0	3
Late "Grandfather," no final authority issued.....	8	-2	6
Total passenger carriers.....	1,543	63	1,606
Total motor carriers.....	22,574	128	22,702
<i>Brokers issued licenses under section 211 of the act</i>			
Property.....	79	2	81
Passenger.....	72	12	84
Total brokers.....	151	14	165

<sup>1</sup> 266 carriers of property and 31 carriers of passengers also conduct some additional operations under the second proviso of section 206 (a).

<sup>2</sup> 273 carriers of property and 26 carriers of passengers also conduct some additional operations under the second proviso of section 206 (a).

*Identification plates.*—No identification plates have been issued since the supply became exhausted in 1944. Under authority of the Second War Powers Act, we authorized a temporary method of identification of motor vehicles during the war emergency, which expired with that act, March 31, 1947. The need to revise the rules and regulations respecting identification of motor vehicles under section 224 of the act being apparent, on June 11, 1947, we prohibited the use of identification plates on motor vehicles on and after September 1, 1947, and prescribed a method of identification thereafter which requires every for-hire motor carrier operating under authority granted by us pursuant to the act to display his name, or trade name, and I. C. C. docket number on both sides of each power unit operated.

*Applications for transfer or lease of operating rights under section 212 (b).*—There were submitted during the year 2,476 applications for transfer or lease under section 212 (b). During the year 2,290 such applications have been granted and 264 dismissed or denied. To date, 21,577 such applications have been submitted, of which 19,524 have been granted and 1,879 dismissed or denied. One hundred and seventy-four are now under consideration.

*Applications for transfer or lease of operating rights and for authorization of issuance of securities under sections 5 and 214 and for temporary authority under section 210a (b).*—There were submitted during the year 316 applications under sections 5 and 214; 330 applications were granted and 46 dismissed or denied. To date, 3,646 such applications have been submitted, of which 2,848 have been granted and 559 dismissed or denied. Two hundred and thirty-nine are now awaiting final disposition. There were also submitted during the past year 91 applications for temporary authority under section 210a (b), of which 31 have been granted and 36 dismissed or denied. To date, 1,158 such applications have been submitted, of which 767 have been granted and 360 dismissed or denied. Thirty-one are now awaiting final disposition.

*Temporary authority under sections 210a (a) and 204 (f).*—During the past year, 3,187 applications were filed for temporary authority under sections 210a (a) and 204 (f). Upon a showing that there was an immediate and urgent need for service and that there was no carrier within the territory capable of meeting the need, 2,870 of the applications were granted. Six hundred and eighty-four did not disclose such facts and were denied. The issuance of final orders upon 160 approved applications awaits the filing of appropriate rate publications and evidence of insurance. Since 1938, when this type of authority was first authorized, 29,198 such applications have been filed, of which 23,295 have been granted, 5,519 denied, and 224 are under consideration. The number of applications for temporary authority



filed during the year increased 472 percent over the number filed in the year ended November 1, 1940, before the national emergency was declared.

*Applications for exemption under section 204 (a) (4a).*—During the past year 8 applications were filed for certificates of exemption under section 204 (a) (4a). One certificate of exemption has been released during the year and 7 applications dismissed or denied. To date, 118 such applications have been submitted. Thirty-seven certificates of exemption have been issued and 71 applications for such certificates have been dismissed or denied. Ten applications are now receiving consideration.

*Applications for temporary suspension of operations under section 204 (f).*—There were received during the year before the expiration date of March 31, 1947, of the Second War Powers Act, 32 applications under section 204 (f) for authority temporarily to suspend operations. Twenty applications to suspend operations until March 31, 1947, were granted and 8 were denied or dismissed. Since that section became effective in March, 1942, 3,285 such applications have been received, of which 2,330 were granted, 394 denied, and 561 withdrawn. One thousand one hundred and ninety carriers which had been authorized temporarily to suspend operations had resumed operations by March 31, 1947. One thousand one hundred and forty grants were still outstanding at the expiration date, and these applicants were requested to comply with insurance and tariff requirements and to resume operations. The majority of such applications were granted principally for reasons relating to military service, personnel shortages, changes in industrial production and wartime bans on nonessential transportation services.

#### SECTION OF COMPLAINTS

On December 9, 1946, on consideration of section 5 (c) of the Administrative Procedure Act, we directed that in all proceedings arising under part II of the act wherein an employee of the Commission assigned to the Bureau of Motor Carriers performs any investigative or prosecuting function, the hearing shall be conducted by an examiner of the Bureau of Formal Cases under the supervision of the chief examiner. The number of motor-carrier hearings held by examiners in the Bureau of Formal Cases under this direction is shown in the table of statistics for the section.

The following table indicates the condition of the docket of the

section for the year ending October 31, 1947 (corresponding data for the year ending October 31, 1946, are also given):

	1946	1947
Applications for common-carrier certificates, contract-carrier permits, brokers' licenses, and certificates of exemption:		
Received for handling .....	3, 687	3, 288
Reopened .....	90	116
Hearings .....	3, 101	3, 374
Under submission at end of period .....	548	579
Disposed of, including reopened proceedings:		
Recalled by section of certificates for further handling .....	45	43
Dismissed .....	355	408
By effective recommended order .....	1, 863	2, 233
By report of the Commission or a division of the Commission .....	414	872
Pending at end of period .....	2, 234	2, 082
Petitions handled .....	410	766
Complaints and investigations relating to motor carriers' rates, rules, and practices and investigation and suspension proceedings:		
Formal complaints filed, including subnumbers .....	21	31
Investigation instituted .....	14	9
Investigation and suspension proceedings instituted .....	106	92
Reopened .....	3	7
Hearings .....	63	64
Under submission at end of period .....	48	34
Disposed of, including subnumbers and reopened proceedings:		
Dismissed or discontinued .....	79	89
By effective recommended order .....	20	18
By report of the commission or a division of the Commission .....	32	45
Pending at end of period .....	145	132
Petitions handled .....	11	37
Finance applications under section 5 of the act:		
Received for handling .....	293	295
Reopened .....	36	29
Hearings .....	184	139
Under submission at end of period .....	63	52
Disposed of, including reopened proceedings:		
Dismissed .....	40	20
Transferred to Bureau of Finance .....	4	0
By report of the Commission or a division of the Commission .....	414	330
Pending at end of period .....	161	135
Petitions handled .....	84	139
Temporary authority applications under section 210a (b) disposed of .....	114	89
Proceedings to determine whether holders of certificates, permits, and licenses are complying with the terms of the act, the Commission's orders, rules, and regulations and the terms of their operating authorities:		
Formal complaints filed, including subnumbers .....	13	11
Investigations instituted .....	325	4
Reopened .....	1	1
Hearings .....	54	231
Under submission at end of period .....	9	10
Disposed of, including subnumbers and reopened proceedings:		
Dismissed or discontinued .....	11	80
By effective recommended order .....	14	235
By report of the Commission or a division of the Commission .....	5	4
Pending at end of period .....	337	344
Petitions handled .....	8	29

1 Three of these hearings were conducted by examiners in the Bureau of Formal Cases.

#### SECTION OF INSURANCE

We made no changes during the past year in our rules and regulations under sections 211 (c), 215, and 403 (c) of the act governing the filing and approval of surety bonds, insurance, qualifications as self-insurers, and other securities and agreements by transportation brokers, motor carriers, and freight forwarders as security for the protection of the public. During the year the Section of Insurance received, examined for approval, and filed 58,453 certificates of in-

insurance, 1,009 surety bonds, 9,805 notices of cancellation of policies of insurance and surety bonds, and 1,292 rescinders of notices of cancellation, or the notices of reinstatement of previously canceled policies of insurance and surety bonds. The section also received, examined, and prepared reports and recommendations for use in connection with 5 applications for the approval of qualifications as a self-insurer, and received and analyzed 167 financial statements from motor carriers previously found qualified to self-insure, or from corporate sureties other than those regularly engaged in the surety business and subject to approval by the Treasury Department under the so-called "Corporate Surety Act."

The Section of Insurance keeps us currently informed as to the financial condition and general stability of the insurance companies offering certificates of insurance for filing with us in behalf of motor carriers and freight forwarders as security for the protection of the public. It keeps us in touch with the financial condition, reserves, and experience of such companies as reported and published by insurance reporting agencies and the press, as well as by reviewing financial statements requested and received from insurance companies. During the past year financial statements were requested and received from 130 of the 432 companies insuring motor carriers and freight forwarders and filing certificates of insurance under sections 215 and 403 (c) and (d) of the act.

There are now on file with us currently effective certificates of insurance, surety bonds, or qualifications as a self-insurer covering the liability of 94 freight forwarders and approximately 22,700 motor carriers for the payment of final judgments recovered against them for bodily injuries to or the death of any person, or the loss of or damage to property of others, as the result of the negligent operation, maintenance, or use of motor vehicles in transportation service subject to our jurisdiction under the act. This type of security for the protection of the public is required of freight forwarders only if they hold themselves out to perform, or to arrange for the performance of, transfer, collection, and delivery services in terminal areas. In addition, there are now on file currently effective certificates of insurance, surety bonds, or qualifications as self-insurers covering the legal liability of 99 freight forwarders and approximately 17,900 motor common carriers of property to compensate shippers and consignees for the loss of or damage to cargo. Approximately 165 transportation brokers have surety bonds on file.



## SECTION OF LAW AND ENFORCEMENT

The status of complaints and litigation during the year is as follows:

*Complaints referred by field force*

On hand November 1, 1946.....	480
Received since Nov. 1, 1946, to Oct. 31, 1947.....	595

Total requiring attention.....	1,075
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Closed (investigations concluded and reviewed).....	522
Pending (investigation by field staff instituted or pending).....	553

1,075

Classification of violations (including complaints charging more than one violation):

Operating without authority.....	358
Nonobservance of rates and charges on file.....	135
Unification without authority.....	16
Nonobservance of safety regulations.....	204
Insurance requirements.....	75
Accounting requirements.....	15
Miscellaneous.....	34

Total.....	837
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Cases involving litigation	Civil	Criminal	Total
Awaiting institution Nov. 1, 1946.....	3	52	55
Pending in court Nov. 1, 1946.....	5	62	67
Total cases then on hand.....	8	114	122
Cases authorized during year Nov. 1, 1946 to Oct. 31, 1947.....	42	475	517
Total cases requiring attention during year.....	50	589	639
Cases concluded during year Nov. 1, 1946 to Oct. 31, 1947.....	20	362	382
Cases abandoned during year Nov. 1, 1946 to Oct. 31, 1947.....	2	14	16
Total cases disposed of during year.....	22	376	398
Awaiting institution Oct. 31, 1947.....	6	111	117
Pending in court.....	22	102	124
Total cases on hand Oct. 31, 1947.....	28	213	241

The foregoing figures relate to work done by the enforcement branch of this section. Of the 382 court cases mentioned as concluded, 349 involved statutory violations of a criminal nature and resulted in the imposition of penalties totaling \$162,483. An acquittal resulted in 4 cases, and the Department of Justice moved the dismissal of 9 cases for various reasons. The number of court cases concluded during the year was the largest since 1942.

Appropriate decrees were entered against defendants in 18 of the 20 civil cases concluded, and decrees for defendants were rendered in 2 cases.

There has been a decided increase in the number of complaints, shown in the table above, received during the year (595 as compared with 484 reported for 1946).

An important phase of the work of the law branch is to prepare opinions on questions arising under part II of the act. During the past year, 1,303 requests for opinions were received, and 1,079 letters and memoranda relating to legal questions were written. The law branch has done considerable work in connection with the general revision of our safety regulations which has required extensive legal research, a study of highway safety, and participation in conferences with the staff of the Section of Safety, the American Trucking Association, Inc., and other carrier groups, labor unions, shippers' associations, manufacturers of motor vehicles, national safety organizations, representatives of insurance companies, and others. These conferences will continue throughout the calendar year, and thereafter public hearings will be held on the proposed revised regulations. The law branch also participates, through a joint committee composed of a representative of the Department of Labor and the Bureau of Motor Carriers, in the coordination of our administrative functions with those of the Wage and Hour Division, Department of Labor, so far as they deal with the effect of the hours of service provisions of the Fair Labor Standards Act and part 5 of our safety regulations upon motor carriers and their employees.

The briefing unit, whose duties were described in our 1944 report, prepared a total of 209 legal memoranda and briefs during the year.

#### SECTION OF SAFETY

The following general accident reports were published: Analysis of Mechanical Defect Accidents of Motor Carriers, September 1946, and Motor Carrier Fire Accidents 1945 (March 1947).

The easing of the pressure of war work on our field personnel made it possible for the section to increase its efforts to obtain compliance on the part of carriers with our safety regulations. To this end investigation of accidents and inspection of carrier equipment by the field personnel was increased materially. The section made a detailed examination of the accident investigation and vehicle inspection reports submitted by the field force with a view to determining the lines along which more strict compliance was needed. Conferences were held with employees of the bus and truck companies, in which attention was called to practices and equipment defects which analysis

of data contained in the reports indicated needed correction. In many instances specific remedies were outlined. Courses with respect to performance and maintenance of air brakes were formulated and made available in several cities to large numbers of bus and truck maintenance employees. In cases where an accident involved highway defects which constituted a hazard to safe operation, such defects were called to the attention of the Public Roads Administration with the result that many of the defects were corrected immediately and arrangements made for future correction of others.

Compliance with our safety regulations by certain carriers transporting explosives and other dangerous articles was found to be particularly bad. We are investigating thoroughly the record of compliance with the safety regulations on the part of each carrier transporting such commodities under temporary authority, which is seeking corresponding permanent authority. Particular consideration is being given to the safety record of each of these applicants for permanent authority in determining its fitness and ability to transport explosives.

There were 173 "driver asleep" accidents reported during the period July 1, 1946, through June 30, 1947, as compared to 220 for the comparable period in 1945-46, a reduction of 47 in this type of accident. We consider that this reduction is due in part at least to a somewhat better compliance with our hours-of-service requirements.

In 1946, 50 cases comprising 404 counts of violations of our safety regulations were prosecuted by United States attorneys, and for the first 9 months of 1947 there were 176 such cases with 922 counts. These cases resulted in the payment of fines of a substantial amount. The carrier violations consisted principally of failure to have on file physicians' certificates of physical fitness of drivers, failure to require the keeping of daily logs, and failure to file reports of excess hours of service. A few involved failure to report accidents and failure to install on motor vehicles equipment necessary for safe operation.

Members of the staff of this section participated in the President's Highway Safety Conference and attended numerous conferences in connection therewith. Conferences have also been held with representatives of manufacturers of busses and trucks with a view to correction of unsafe vehicle design. Extensive conferences have been held with bus and truck operators, vehicle manufacturers, representatives of State public-utilities commissions and State motor-vehicle administrators, labor unions, engineering societies, representatives of insurance companies, and others in connection with the proposed general revision of our safety regulations.



### FIELD ORGANIZATION

Our field organization is currently operated through 16 district offices and 64 subdistrict offices. Two subdistrict offices were opened during the year through the transfer of personnel from other offices. All but 2 employees of the field staff have returned from the armed services and war agencies, and the necessary personnel adjustments have been made.

The manpower situation in the industry eased up considerably during the year. New vehicles and parts for those vehicles in service still are inadequate to meet requirements. This shortage plus several strikes in the industry resulted in a considerable number of embargoes and consequent demands upon the field staff to assist in procuring transportation facilities.

The activities of the various sections of the Bureau above described are closely connected with routine duties of the field staff, particularly with respect to applications for operating authority, transfers, accounting, enforcement, insurance delinquencies, and safety. A large majority of these matters required original or subsequent handling by the field staff.

Emphasis has been placed by the field staff on safety and enforcement work during the year. The staff is too small to do the job that should be done, especially as regards safety of operations; but, by cooperation with States and local officials and nongovernmental safety organizations, progress is being made.

During the year the field staff made 3,952 investigations at carriers' terminals, checked 15,813 vehicles, and investigated 320 accidents to determine the extent of the carriers' compliance with our safety regulations and to assist carriers in their safety work. Eight hundred twenty-six permanent-authority applications, 4,488 temporary-authority applications, 3,309 transfer applications, 9,630 complaints, 6,025 insurance delinquencies, and 3,561 special surveys were investigated and reported by the field staff during this period.

### BUREAU OF SAFETY

A more detailed report of this Bureau is published as a separate document.

Except as otherwise specified, the report here made is for the year ended June 30, 1947.

### SAFETY APPLIANCES

The following table shows the result of inspection of safety appliances, together with corresponding data for the preceding year:

	1947	1946
Freight cars inspected.....	1, 061, 669	1, 203, 408
Percent defective.....	3. 40	3. 20
Passenger-train cars inspected.....	24, 767	27, 840
Percent defective.....	3. 71	4. 00
Locomotives inspected.....	12, 795	14, 580
Percent defective.....	5. 30	5. 40
Number of defects per 1,000 units inspected.....	40. 73	38. 03

During the year 114 cases of violation of the safety appliance laws, comprising 466 counts, were transmitted to United States attorneys for prosecution. At the beginning of the year, cases comprising 186 counts were pending in the district courts. Judgment was confessed in cases comprising 406 counts, and 30 counts were tried, resulting in judgment for the Government on 21 counts and for the defendant on 9 counts. On June 30, 1947, cases containing 216 counts were pending in the district courts.

The matter of the installation of reliable and efficient air brakes on railroad cars is being given continuing attention. On September 21, 1945, we issued an order requiring installation of all cars used in freight service, except those equipped with passenger-car brakes, of power brakes and appliances which would meet specifications adopted by us, such installations to be completed on or before January 1, 1949. On June 30, 1947, installations had been made on 69.7 percent of the interchange freight cars.

There has been continued cooperation with the Association of American Railroads concerning tests of geared hand brakes. Twelve types of vertical-wheel brakes and six types of horizontal-wheel geared brakes have been certified by that association as meeting its specifications.

The operation of the load-compensating brake has been demonstrated by the manufacturers, and the Association of American Railroads has approved the application of the "AB" type of this brake to 1,500 cars in interchange service for the purpose of making road tests under operating conditions.

#### HOURS OF SERVICE

The following table contains statistics for the year and corresponding data for the preceding year:

	1947	1946
Railroads filing hours of service reports.....	693	701
Railroads reporting instances of excess service.....	217	212
Instances of excess service reported.....	33, 810	70, 355

Eight cases of violation of the hours of service law, comprising 25 counts, were transmitted to United States attorneys for prosecution. At the beginning of the year cases comprising 66 counts were pending in the district courts. Judgment was confessed in cases comprising 67 counts, 1 count was dismissed and 2 tried, resulting in judgment for the defendant in 1 case, and in the other case the court has taken it under consideration. On June 30, 1947, 5 cases comprising 21 counts were pending in the district courts.

#### SIGNAL SYSTEMS, INTERLOCKING AND AUTOMATIC TRAIN-STOP AND TRAIN-CONTROL DEVICES

Block-signal systems, interlocking, and automatic train-stop, train-control, and cab-signal devices were in use on January 1, 1947, as follows:

	Plants	Miles of road	Miles of track	Locomotives
Block-signal systems:				
Automatic.....		71,588.4	103,167.0	
Nonautomatic.....		33,136.4	34,547.6	
Total.....		104,724.8	137,714.6	
Interlocking:				
Number of plants.....	4,477			
Automatic train-stop, train-control and cab-signals devices:				
Intermittent <sup>1</sup> .....		1,392.9	2,345.2	5,791
Continuous.....		9,269.9	18,381.3	5,020
Total.....	4,477	10,662.8	20,726.5	10,811

<sup>1</sup> Listed under "intermittent" are 468 locomotives having dual intermittent-continuous equipment.

Detailed information concerning these installations is contained in the annual statistics bulletin, compiled separately.

During the year, 752 applications for approval of modifications of block-signal systems and interlockings were filed by the carriers, and at the beginning of the year action was pending on 113 applications previously filed; of these, 774 applications were acted upon, 26 were withdrawn, and action was pending on 65 at the close of the year.

On July 1, 1946, 11 applications were pending for approval of modifications of the rules, standards, and instructions prescribed by our order of April 13, 1939, or for approval of extension of time within which certain sections were to become effective. During the year, 29 additional applications were filed, 32 were acted upon and 1 was withdrawn. At the close of the year, 7 such applications were pending.



In 86 cases, further extensions of time were granted carriers in connection with applications covering projects which could not be completed within the original time limit allowed by our orders.

Action also has been taken on one application for approval of modifications of an automatic train-stop installation.

During the year a public hearing was held on seven applications filed by one carrier and action was taken on these applications.

Pursuant to paragraph (b) section 25 of the Interstate Commerce Act, and acting upon conditions disclosed in connection with the investigation of accidents, we issued orders calling upon certain carriers to show cause why they should not be required to install the block-signal system or other safety devices on parts of their lines.

Monthly signal-failure reports filed by the carriers during the fiscal year are summarized as follows:

False restrictive failures.....	39, 990
False proceed failures.....	227
Potential false proceed conditions.....	21

During the year, inspections were made as follows:

Block-signal systems.....	690
Interlockings.....	1, 441
Automatic train-control and cab-signal devices.....	403
Centralized traffic control systems.....	280
Other similar appliances, methods or systems.....	64
Total.....	2, 878

These inspections have resulted in bringing to the attention of the railroad managements for necessary corrective action a large number of unsatisfactory maintenance conditions which have been found to exist.

Two cases of one count each for violating section 25 of the Interstate Commerce Act were transmitted to United States attorneys for prosecution. The defendants confessed judgment in both cases.

#### INVESTIGATION OF ACCIDENTS

The Bureau investigated 114 train accidents, of which 74 were collisions and 40 derailments. The collisions resulted in the death of 132 and the injury of 1,841 persons. The derailments resulted in the death of 82 and the injury of 1,143 persons. The total was 214 killed and 2,984 injured.

The following information relates to nine of the more serious accidents investigated:

Kind of accident	Trains involved	Number of persons		Cause
		Killed	Injured	
Derailment.....	Passenger train.....	6	132	Excessive speed on curve.
Rear-end collision <sup>1</sup> .....	Freight trains.....	19	139	Failure to operate following train in accordance with signal indication.
Derailment.....	Passenger train.....	24	138	Excessive speed on curve.
Do.....	Passenger train car.....	1	13	Car breaking loose from train on account of defective coupler, defective air brakes, and defective hand brake.
Collision.....	Passenger train and tractor.	3	30	Tractor, improperly secured on freight train, fell off, obstructing adjoining track.
Derailment.....	Passenger train.....	2	108	Train entering cross-over at high speed on account of signals displaying false proceed indications.
Collision.....	Passenger train and projecting lading on freight train.	5	53	Lading on freight car inadequately secured and fouling adjacent track.
Derailment.....	Passenger train.....	6	7	Failure to control speed approaching cross-over.
Do.....	do.....	0	64	Train entering open switch at high speed account false proceed signal indication.

<sup>1</sup> Wreckage obstructed adjacent track in front of approaching passenger train on which most of casualties occurred.

#### GRADE CROSSINGS—RAILWAY WITH HIGHWAY

During the calendar year 1946, there were 4,001 accidents at highway grade crossings which resulted in the death of 1,851 persons and injury of 4,397 persons. Automobiles were involved in 3,518 of these accidents, in which 1,558 persons were killed and 4,137 injured. There were 60 derailments of trains as a result of collisions between trains and automobiles, which caused the death of 28 persons and the injury of 79 persons. Of the total casualties resulting from derailments and other train accidents at highway grade crossings, 10 persons killed and 58 injured were railroad passengers, employees, and persons carried under contract. Information concerning accidents of this character, together with comparable statistics for the preceding 2 years, and the number of crossings, railway with highway, is shown in the following tables.

*Accidents at highway grade crossings, year ended Dec. 31, 1946, 1945, and 1944*

	1946			1945			1944		
	Number	Number of persons killed	Number of persons injured	Number	Number of persons killed	Number of persons injured	Number	Number of persons killed	Number of persons injured
Accidents at highway grade crossings.....	4,001	1,851	4,397	4,100	1,903	4,446	3,811	1,840	4,216
Accidents at highway grade crossings involving automobiles.....	3,518	1,558	4,137	3,514	1,577	4,126	3,284	1,512	3,983
Derailments of trains as a result of collisions between trains and automobiles.....	60	28	79	57	45	208	53	22	60
Miscellaneous train accidents as a result of collisions between trains and automobiles.....	245	112	140	206	104	122	208	97	118
Automobiles registered.....	33,945,817			30,638,429			30,086,189		
Railroad casualties:									
Passengers.....		0	25		3	143		0	11
Employees on duty.....		21	95		21	167		19	118
Persons carried under contract.....		0	4		0	7		0	1
Total.....		21	124		24	317		19	130

*Crossings, railway with highway*

Year ended Dec. 31—	Number at end of year	Number actually added and eliminated during the year		Net decrease	Year ended Dec. 31—	Number at end of year	Number actually added and eliminated during the year		Net decrease
		Added	Eliminated				Added	Eliminated	
1946.....	226,143	1,773	814	959	1941.....	229,722	563	1,502	939
1945.....	226,153	316	630	314	1940.....	230,285	730	1,507	777
1944.....	226,357	377	837	460	1939.....	231,104	868	1,554	686
1943.....	226,938	825	1,339	514	1938.....	231,400	641	1,805	1,164
1942.....	227,496	516	2,694	2,178	1937.....	232,322	895	1,843	948

## EXAMINATION OF SAFETY DEVICES

Plans of 10 devices designed to promote safety of railway operation were examined by our engineers, and reports thereon transmitted to the proprietors or their agents.

## MEDALS OF HONOR

During the year ended June 30, 1947, three applications for award of medals of honor were filed, one of which was denied and two are still under investigation.

The application reported as pending last year has been acted upon and a medal granted. The facts are as follows:

Wallace G. Johnson, a fireman employed by the Chicago, Mil-



waukee, St. Paul & Pacific Railroad Co., rescued an elderly woman from the path of a moving locomotive at Tacoma, Wash., on February 7, 1946.

Since the passage of this act 95 applications have been filed, of which 58 have been granted, 35 denied and 2 are pending.

### BUREAU OF SERVICE

Our internal transportation is a limiting factor to our ability to transport the expanding industrial production. Domestic requirements are at an extremely high level. Superimposed upon these are exceedingly heavy export needs. Traffic of all kinds has been moving in an increasing volume.

The following table is comparative of the rail transportation in 1946 with the peak years of 1926 and 1943:

Period	Pieces of equipment	Carloads	Tons carried	Ton-miles
Year 1926.....	2,435,269	53,098,819	2,465,368,606	443,746,487,348
Year 1943.....	1,809,439	42,439,951	3,008,044,654	727,075,495,000
Year 1946.....	1,742,490	41,341,205	2,620,247,275	591,954,432,000

Transportation in January, February, March, April, May, June, July, and August of this year measured in ton-miles is respectively 10.5, 7.6, 7.2, 35.5, 42.2, 7.3, and 0.1 percent over, and 1.5 percent under last year. If the present level of traffic flow is continued, the average for the year will be about 10 percent over that of last year.

While all transportation controls peculiar to the wartime economy have been removed, controls necessary to secure maximum utilization of railroad freight-carrying equipment are still in effect and undoubtedly will be necessary for some time. These controls (1) require maximum loading of railroad freight-carrying equipment, (2) preclude unnecessary holding of equipment beyond the free time for loading and unloading of cars, and (3) require the loading of refrigerator cars west-bound which otherwise would move empty in that direction. Numerous other controls, such as those on the handling of cars in ports, are in force which in one way or another effect maximum utilization of freight carrying equipment. Even with these controls, average daily net shortages amount to about 30,000 cars.

It will be necessary to continue these controls until sufficient new or rebuilt railroad freight-carrying equipment is placed in service to take care of the load. The shortage of railroad boxcars and open-top cars is acute. A program is now under way to build a minimum of 10,000 cars per month. Although slow in starting, the program is gaining momentum and should result in the addition to our rail

transportation plant of a minimum of 120,000 cars a year by the early part of 1949. To place the railroads in a safe position to take care of our expanding domestic needs and export requirements, they should place in service a minimum of 180,000 new cars a year for the next 5 years. This would enable them to cope with any reasonable contingencies that might arise by way of increased traffic demands. The supply of motive power is at present about equal to demand, but there are indications that this situation may develop into a shortage on some roads.

Motor-truck transportation apparently can relieve rail carriers to some extent in domestic transportation. At present the motor carriers are experiencing little difficulty in obtaining new equipment since production of trucks is at a high level. In the first quarter of 1947, 327,000 truck and bus chassis were manufactured compared with 951,000 for the full year 1946.

Inland, coastwise, and intercoastal water carriers can handle additional traffic. There are some limiting factors which tend to preclude full utilization of our water-carrying facilities, such as speed in transit and the unit of buying by consumers. Operating costs of coastwise and intercoastal water carriers will be a limiting factor in expansion in this field.

Although much has been done, to which the volume of traffic moved will attest, there is still a margin for improvement which will result in an even greater utilization of the transportation facilities.

The Bureau during the past year has been engaged in investigating and correcting inefficient and uneconomical operating conditions on the railroads and at industries, and taking measures both formally and informally with railroad management designed to utilize a maximum of transportation capacity from the existing railroad facilities.

Although understaffed, our field force has continuously devoted its efforts to inspecting railroad operations and industries at inland and water terminals and reporting both to this Bureau and to officials of the railroads practices which retard and diminish utilization of rolling stock. Since the last annual report a great many reports have been received in this Bureau necessitating either handling with the railroad directly or the issuance of orders directing correction, covering all phases of railroad operations both on the railroads and at industries. During the year, 4,841 reports of car detention at industries were received, 737 embargoes were placed by individual roads, and 703 through the agency of the Association of American Railroads. In processing and progressing the reports from the field force for remedial action, this Bureau has had at all times the complete cooperation and assistance of the Office of Defense Transportation.

Hundreds of appeals requesting various types of assistance have been received by this Bureau.

During the past year we have had general inspections made of car-service records, including demurrage records. The review of hundreds of reports, leads to the conclusion that (a) no records, (b) inadequate records, and (c) the lack of uniformity in existing records to a great extent explain the inability of most carriers to handle cars more promptly. Complete, accurate, and uniform car-service records are highly desirable in securing maximum efficiency in car service. The informal handling of demurrage matters has been exceedingly heavy during the past year. Since our last report we have disposed of 121 demurrage cases.

Inspections of the handling of forwarder traffic by the railroads at many terminals also present a fruitful field for saving both in equipment and revenue. This matter should have continuous attention.

Because of the extreme car shortage during the last half of 1946 the Commission, in an effort to find additional measures to accelerate the movement of cars, instituted on its own motion, at the request of the Director of the Office of Defense Transportation, two general investigations, Dockets No. 29669 and 29670, entitled respectively, Car Service—Freight Cars and Increased per Diem on Freight Cars. The field force of this Bureau made investigations and presented evidence at both of these hearings. The Commission (a) ordered the filing with it by the railroads of their car-service rules and regulations and (b) ordered an increase of per diem on cars except tank and refrigerator cars from \$1.50 to \$2 per day for a 6 months' period from October 1, 1947. Injunction proceedings have been instituted to set aside the latter order.

Throughout the year close liaison was maintained with the Departments of State, Treasury, Commerce, Interior, Agriculture, and numerous other Government agencies, the Association of American Railroads, the American Short Line Railroad Association, the National Industrial Traffic League, Shippers Advisory Boards, National Council of Farmer Cooperatives, Farm Bureau, National Grange, Farmers Union, and many other shipper organizations.

#### RAILROAD EQUIPMENT

*Locomotives.*—Railroad ownership of motive power by class I carriers is 41,047 units as compared with 42,497 units on July 31 of last year. Approximately 73.8 percent of the locomotive units in service on class I railroads are 22 years of age or older. Age, however, is not necessarily indicative of replacement requirements because of the practice of substituting new boilers and other parts of steam locomotives. The upward trend in use of Diesel-electric units continues.



*Passenger.*—Passenger equipment ownership of the class I railroads is 36,617 units as compared with 36,232 units on July 1946. As of January 1, 1947, 70.08 percent of this equipment was over 21 years of age and 39.76 percent over 30 years of age.

Passenger equipment appears adequate at the present time due to past and possible future decline in passenger traffic. Public demands for modernization and railroad efforts to regain passenger traffic will undoubtedly call for heavy replacements in all existing passenger equipment. This is reflected by 3,142 railroad passenger cars being on order on May 1 of this year. This is a heavy backlog considering that production amounts to about 90 cars per month. This Bureau has received an increasing number of complaints with respect to passenger service throughout the year.

*General cargo export.*—Early in 1945 the volume of general export cargo began to increase and during the period September 1945 through August 1946 it increased from approximately 65,000 carloads a month to a peak of 89,382 carloads in September 1946. This volume was exceeded in the following period of 1946–47 by a monthly peak of 90,077 carloads in March of 1947. Even though exports were greatly affected by the numerous strikes occurring in this period, the 12 months' total of 900,434 cars exceeded the previous year's total of 900,339 carloads. Exports in general showed a sharp decline in August, yet the 1947 general cargo total was 77,741 cars in August as compared with 64,620 cars in August of 1946.

*Coastal movements.*—The principal indication of a resumption of more nearly normal trade movements since the ending of hostilities is reflected by the resumption of coastal transportation. The number of carloads of coastal traffic in 1946–47 increased 61.9 percent over the same period last year. In actual volume, 31,199 carloads of coastal traffic moved through the principal ports from September 1946 through August 1947. The 1945–46 volume was 19,272 cars.

From September 1946 to August 1947, the over-all volume of port traffic, excluding bulk coal and petroleum, was 1,152,658 carloads, while during the same period in 1945–46, 1,110,419 carloads were handled. The greatest monthly number in the 1946–47 period was 115,201 cars in March of 1947. The peak month of the previous year was September 1946, when 107,303 carloads were moved.

*Average detention per car.*—During the 1946–47 period the greatest number of cars held at ports 10 days or more was 2,987 in the week ended March 14, 1947. This was 16.4 percent of the total cars on hand at the ports on that day. Since that time the number of cars excessively detained has been gradually reduced to 3.8 percent on August 29 of this year when there were only 369 such cars at all ports. During the same period of 1945–46 the greatest number of cars held at

any one time occurred on January 4, 1946, when there were 4,886 10-day cars, or 23.2 percent of the total cars on hand in port areas. The average was high throughout the entire year due to extremely severe weather, coal strikes, maritime strike, and railroad strikes. The weekly average of such cars was 1,931. By a series of embargoes and permit restrictions this number has been greatly reduced.

Simultaneously with the reduction of the number of 10-day cars, the average detention per car used in export traffic had been reduced from a high of 8.0 days per car to a low of 3.9 days per car in 1946. At the beginning of the year in 1947 the average was 6.9 days per car and this has been progressively reduced to a low of 3.6 at the end of the first 8 months. While the over-all average has been 5.6 days per car during the first 8 months of this year, it has not risen above 6.9 days through any week of the current year.

*Boxcars.*—Since the last report, railroad boxcar ownership decreased from 731,345 to 723,139 cars, or at a rate of about 684 cars per month. During the same period the number of bad-order cars fluctuated from 3.2 to 4.2 percent. Weekly loadings of boxcars have consistently totaled more than 50 percent of available equipment. The average net daily shortage was 14,527.

*Grain.*—The largest grain crop in history has necessitated keeping our field force concentrated on this particular movement so far as possible. During the period September 1945 through August 1946, 190,800 carloads of bulk grain moved from interior points to principal ports for export. However, this was exceeded in the period from September 1946 through August 1947 when 221,025 carloads of bulk grain were delivered to port areas. Furthermore, the peak movement of the previous year 26,304 cars in June 1946, was exceeded in August of this year when 26,515 carloads were moved to port areas. The total movement during the 1946-47 year was 15.8 percent greater than that of the 1945-46 year.

Last year our grain agent at Chicago, Ill., was continuously engaged in (1) getting empty boxcars to the grain-originating roads, (2) correcting by cooperative efforts impractical and uneconomical practices resulting in wasting cars, and (3) advising this Bureau with respect to the grain movement. This work is being continued so far as possible.

In addition, we appointed an agent to divert to and relocate cars on grain-originating roads. This action relieved an extremely difficult situation. Carloadings of grain have averaged 51,692 weekly during the present year compared with 49,528 weekly the previous year.

Empty boxcars delivered to western grain roads through Mississippi River crossings under the authority of our agent averaged 8,312 cars



weekly from January 1, 1947, through September 29, 1947. Sufficient cars for the movement of this grain were made available through the use of these measures.

Preliminary reports forecast a smaller number of blocked elevators over the entire United States this year than last year. The following tabulation shows the daily average number of elevators blocked in both the Northwest and the Southwest for the month of August 1947 as compared with August 1946. Despite the efforts to supply the Southwest with cars for grain loading, the number of blocked elevators in that area this year is greater than it was in 1946. This is explained to a great extent by the greater yield in that area coupled with the pooling of combine machines from all parts of the country to gather the crops.

Week ended—	1947		1946	
	Northwest	Southwest	Northwest	Southwest
Aug. 2.....	60	611	379	458
Aug. 9.....	235	550	734	352
Aug. 16.....	567	494	1,280	309
Aug. 23.....	1,036	466	1,678	343
Aug. 31.....	1,204	424	1,700	307

*Lumber.*—Lumber and housing components have accentuated demands for boxcars. Investigations of the field force early this year developed that cars of lumber were being extensively held for reconsignment. To obtain cars certain shippers indulged in the practice of loading a bundle of shingles or lath in a car and billing that car to stop-off at another point of short car supply to complete loading. These practices were stopped by a service order.

The loading of these commodities increased 367,019 cars or 17.9 percent in the 1946-47 year over the 1945-46 year.

The peak loading was 52,858 cars during the week ended March 1, 1947. The peak loading in the 1945-46 period was 52,243 cars in the week ended August 23, 1946. The average weekly loadings of lumber and forest products totaled 46,553 cars compared with 39,495 the previous year.

*Automobiles.*—Early in April 1947 it was disclosed that railroads were holding hundreds of foreign automobile rack and parts cars free of per diem for thousands of car days in such large automobile or accessories producing centers as Detroit, Mich., Flint, Mich., and Milwaukee, Wis. This matter was corrected. It was disclosed that automobile cars were being equipped with devices as rapidly as possible to favor the automobile and parts traffic. This resulted in according a better supply of cars to the automobile industry than shippers of other commodities were obtaining.



*Less than carload.*—Last year less-than-carload loadings were extremely heavy due to shortages of consumer goods and the desire of distributors to prorate those goods among the greatest number of outlets. Increased supplies with its consequent carload buying has lessened the impact on the car supply for merchandise. It has, however, been necessary for the field force to continually watch for and recommend measures for the elimination of congestion at the many large transfer and freight stations.

The average weight per car of this traffic for class I railroads was 18,670 pounds as compared with 17,519 last year. Average weight per car for class II and III railroads was 18,564 pounds as compared with 17,895 pounds last year. Average weight per car for electric railways, switching, and terminal companies was 13,431 pounds as compared with 13,170 pounds last year.

*Refrigerator cars.*—Perishable and semiperishable loadings have been fairly heavy since the last report. In addition to continuing our agent at Chicago to keep the various loading areas adequately supplied with empty refrigerator cars, it has been necessary to watch for undue detention and improvident use of such equipment.

Temporary easing of the refrigerator-car supply permitted removal of stepped-up demurrage charges in August of this year. These stepped-up demurrage charges were found necessary when the heavy loading began. Weekly loadings of refrigerator cars have averaged 40,313 cars compared with 39,655 cars last year. Loadings of refrigerator cars west-bound under Service Order No. 104 have averaged 8,455 cars monthly for the past 12 months.

*Gondola and hopper cars.*—Demands for this kind of equipment have exceeded supply during the entire year. Average net daily shortages have amounted to 1,446 gondola and 1,925 hopper cars.

*Coal.*—It is estimated that coal production in 1947 will approximate 667 million net tons compared with 593 million in 1946 when production was interrupted by two major strikes. Consumption of coal in the United States during 1946 was 557 million net tons, whereas in 1947 it is expected to reach 598 million tons. In 1946 exports amounted to 21 million net tons, of which 18 million went to Europe. Exports for 1947 are expected to reach an all-time high of about 52 million tons. At present the load is taxing both our equipment supply and port facilities. Shortages of open-top cars are reaching new highs daily.

Bituminous strip coal operations increased from 55 to 110 million tons between 1941 and 1945. Loading of coal on class I roads this year amounted to 8,788,164 carloads, or 12.2 percent above last year when loadings numbered 7,834,043 cars. Average weekly carloadings

were 169,003 cars, as compared with 150,655 cars last year, or 18,348 more cars a week.

*Coke.*—Carloadings of coke this year were 709,280 compared with 556,002 cars the previous year, an increase of 27.6 percent.

*Ore.*—The greatest increase in the use of gondola or hopper cars was for ore loadings. The carloadings were 2,564,832 cars compared with 1,930,640 cars last year, an increase of 32.8 percent in this commodity group. Weekly average carloadings of ore increased approximately 12,196 cars a week this year when the weekly average carloadings amounted to 49,324 cars in comparison with last year's weekly average of 37,128 cars.

*Tank.*—1947 estimates of production and consumption of petroleum in the United States are at all-time highs—approaching 2 billion barrels a year.

Tank-car demands during the past year have been exceedingly heavy. Shortage of tank cars for liquefied petroleum has been most acute because of the increased production of this commodity. Inability or reluctance to increase the inventory of tank cars has aggravated the problem. The number of tank cars in the United States is approximately 146,492, of which about 6,000 are high-pressure and 2,500 low-pressure cars. Of the high-pressure cars about 3,500 are assigned to liquefied petroleum gas service. Efforts to assure maximum use of this equipment must continue.

*Stock.*—There has been a reduction in railroad livestock loadings. Stock cars can be used, of course, for the transportation of many other commodities such as lumber, melons, et cetera. Loadings of stock cars averaged 15,362 weekly as compared with 17,623 for the previous year.

*Flatcars.*—Throughout the entire year the demand for flatcar equipment has been heavy. During this entire period we have experienced nominal surpluses and shortages. Average net daily shortages throughout the year have amounted to 156 cars. Average weekly loadings of flatcars were 21,114 cars as compared to 17,997 during the preceding period.

#### SECTION OF EXPLOSIVES

The Section of Explosives is receiving an increased number of requests for information and assistance from governmental and other agencies, as well as from the public at large. There were 510 reports made covering investigations of explosives matters throughout the country during the year involving 420 railroads and 116 truck lines or industries. A total of 181 special permits were issued as a means of granting relief to shippers who were in need of containers or materials for the manufacture of containers without which the movement of

certain dangerous goods would have been seriously handicapped. In the main these permits allowed the use of substitute containers or materials for their manufacture, allowed use of second-hand drums in good condition where only new drums were previously authorized, or permitted certain new drums that were not up to specifications for certain articles.

Considerable relief was given the liquefied-petroleum-gas industry by permitting the use of I. C. C. specifications 104-A and 104-AW tank cars for the transportation of certain gas mixtures during the winter months. These cars are designed for low-pressure commodities, but because the high-pressure tank cars were taken out of the service to protect the Government's fertilizer program for the devastated countries, it was imperative that some means be devised to transport liquefied petroleum gases, for which the demand is steadily increasing. The same program will be followed this winter.

We issued a notice of our intention to incorporate rules for the transportation of radioactive substances in our present regulations.

The disaster at Texas City, Tex., involving ammonium nitrate fertilizer in bags, caused shippers and carriers considerable anxiety. Our regulations pertaining to this subject are being studied so that appropriate changes may be made, if found necessary.

The transportation of anhydrous ammonia by highway in unauthorized tank vehicles in Mississippi and nearby States was discovered, and although it has reached large proportions, steps are being taken to control it before serious accidents are encountered.

Many new dangerous articles are being introduced into transportation, and the shippers are taking the necessary precautions to have them properly classified and to have shipping or packing requirements furnished them in advance of shipment. We have made 269 amendments to our regulations to take care of all the new items brought to our attention. An illustration of a few of the more hazardous commodities are rocket ammunition and jet thrust units, liquid explosives, and new peroxides.

Some of the major undertakings of this section have been the writing of specifications for cargo tank vehicles to transport anhydrous ammonia, liquid carbon dioxide, and helium gases. Work has already been started on the revision of the regulations which have become complicated over the years, resulting in their being misunderstood because of brevity or because of the present method of publication of amendments. The present plan is to reproduce each specification in full and to rearrange as much of the material as possible so that a loose-leaf publication may be made available within the next few months.



Some contact was made with State officials to correct complications between the Federal and State regulations or laws.

However, the annual report of the Bureau of Explosives (Association of American Railroads) published in March 1947 shows 7 accidents and 1 injury involving a loss of \$18 resulting from the transportation of explosives or fireworks. Dangerous articles other than explosives were involved in 890 accidents, 118 fires, and 1 explosion, with a total property loss of \$391,058. There were no persons killed but 55 were injured.

Electric storage batteries were involved in 212 instances, but only 1 fire and total property loss of \$2,405 was reported. The greatest property loss in the transportation of dangerous articles was \$239,407 involving gasoline, which caused 194 accidents and 16 fires, with 2 persons injured.

#### EMERGENCY SERVICE ORDERS

Under emergency powers provided by section 1 (15), (16), and (17) of the Interstate Commerce Act, 298 emergency and vacation orders and 75 amendments were issued between October 1, 1946, and September 30, 1947, inclusive. In addition 365 general and special permits were issued. These orders were necessary to facilitate the flow of traffic and prevent car shortage. The principal orders issued were for the following purposes: Prohibiting the light weighing of boxcars for wool; requiring permits for export grain at North Atlantic ports; granting priority for grain in western and central territories; embargoing railroad, express, and forwarder shipments in anticipation of a general strike of bituminous coal miners, which would curtail the operation of railroads using coal as fuel, and appointing agents to issue permits for shipments where justified; increasing demurrage on gondolas, open-top, and covered hopper cars; requiring permits for shipments of canned goods, seeds, peas, beans, grain, grain products, and byproducts from the Northwest to Gulf and Atlantic ports for export; appointing an agent at Chicago to divert loaded cars destined to Illinois and States east thereof; restricting lighterage at New York Harbor; restricting the reconsigning of lumber; appointing an agent to coordinate the movement of grain and grain products and the supply of cars to the Grain Belt; reducing the free time on boxcars used for import traffic; and requiring that any car being moved to another location to complete loading must have at least 15 percent of its marked capacity or the tariff minimum loaded at the point of origin.

There has been a notable reduction in the number of orders issued requiring railroads to unload delayed cars and return them to service.

This was brought about by the railroads protecting themselves by releasing such cars in accordance with section 4 of the standard bills of lading.

### BUREAU OF TRAFFIC

General rate increases made effective during the year, and additional general rate increases proposed by the carriers, have continued to prevent numerous rate changes that normally might otherwise have been instituted by them.

Data covering particular activities of subdivisions of this Bureau are shown below:

### SECTION OF TARIFFS

There were received for filing 147,718 publications containing changes in freight, express, pipe-line and freight-forwarder rates, classification ratings or contract-carrier minimum rate schedules, and in passenger fares. This figure comprises tariff publications as follows:

#### Freight:

Rail, motor or water common carrier.....	117, 326
Contract schedules, motor or water.....	2, 507
Passenger.....	21, 656
Express.....	2, 019
Pipe line.....	482
Freight forwarder.....	3, 728

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147, 718

Of these tariff publications 1,476 were rejected for failure to give the notice required by the statute or to conform to prescribed regulations. Tariff publications were criticized in 13,829 instances as not being in conformity with the act or our tariff rules. Powers of attorney and certificates of concurrence filed aggregated 24,064. Applications received seeking special permission to establish rates or fares on less than statutory notice or for waiver of certain of our tariff-publishing rules numbered 10,202. Specific orders entered granting, denying, amending, or revoking special permissions numbered 10,907. There were received and filed 2,461 copies of traffic contracts between common carriers and 4,468 copies of contracts between contract motor carriers and shippers covering the charges of such carriers for transportation for such shippers. The issuance of certificates and permits to motor carriers and the transfer of such operating rights are conditioned upon compliance with our tariff rules. Compliance with the tariff rules was checked in 3,946 certificate and permit matters and in 4,014 transfer matters. Rate matters involved in 2,892 applications for temporary authority to establish new and extended motor operations were acted on during the year. For use in transportation studies 280,077 freight

way bills were analyzed and individually checked to determine the rates and distances involved. Our duplicate tariff file has been maintained for the use of the public.

#### SUSPENSIONS

Rate adjustments covering changes in rail, motor, water, freight-forwarder and pipe-line tariff schedules were protested and suspension asked in 627 instances. Of these protested adjustments, 259 represented increases, 299 represented reductions, 58 represented both increases and reductions, and 11 neither increases nor reductions.

The following action was taken on the requests for suspension:

Suspended (including supplemental orders)-----	220
Refused to suspend-----	289
Schedules rejected, requests for suspension withdrawn, or protested schedules canceled-----	118
	<hr/> 627

Of the suspended adjustments, 81 were disposed of through informal proceedings, together with 47 adjustments suspended during the previous year.

A total of 3,832 tariff publications were involved in the above-described adjustments, of which 2,319 were increases, 513 reductions, 846 included both increases and reductions, and 154 represented no change.

The number of parties requesting suspension was 6,535 and the parties opposing suspension numbered 375.

Rail carriers protested 24 rail adjustments and 110 motor adjustments. Motor carriers protested 287 motor adjustments and 15 rail adjustments. Water carriers protested 20 rail adjustments. As to freight-forwarder adjustments, 7 were protested by competing forwarders and 3 by motor carriers. Nearly all of these adjustments represented reductions in rates.

Of the protests against increased rates, 31 were filed by Government agencies and 38 by State commissions.

#### THE FOURTH SECTION

The number of applications was 730. The number of orders entered in response to applications was 583, of which 16 were denial orders, 387 were orders granting continuing relief, and 180 were orders authorizing temporary relief. Twenty-six formal reports were issued.

Applications withdrawn, wholly or in part, after correspondence



with carriers, numbered 32; and 75 applications or portions thereof were heard.

The number of petitions for modification of orders was 300, of which 246 were granted, 26 were denied, 5 were withdrawn, and 23 are pending.

#### EXPRESS

Of the tariff publications filed, 2,019 represent changes in express rates and classification ratings. Of the applications received seeking special permission to establish rates on less than statutory notice or waiver of certain of our tariff-publishing rules, 54 related to express rates.

#### RELEASED RATES

There were filed 32 applications for authority, under sections 20 (11), 219, and 413 of the act, to establish rates dependent upon declared or agreed values, and (3) such applications were pending at the beginning of the year. Of these, 16 were granted, 3 were denied, 9 were withdrawn, and 7 are pending.

#### BUREAU OF TRANSPORT ECONOMICS AND STATISTICS

The following special studies were issued by this Bureau during the past fiscal year as a part of its general research work:

1. *Fluctuations in railway freight traffic compared with production.*—This document, relating to the years 1928 to 1944, inclusive, has for its purpose a comparison of the relative freight traffic of the railways with respect to the trends since 1928 in the production of the items included in each of the 156 railway freight carload commodity classes. The railway proportion of the production of the commodities associated with each class is also shown.

2. *Hours and wages of employees of water carriers subject to jurisdiction of Interstate Commerce Commission.*—This study was undertaken to supplement the report next mentioned below and was drawn on in the preparation of that report.

3. A report in *Ex parte No. 165, Problems in the Regulation of Domestic Transportation by Water*, was prepared by the Bureau's chief carrier research analyst with the assistance of other members of the Commission's staff. This report is discussed at page 146.

4. *Postwar capital expenditures of the railroads.*—This is an analysis of the estimated gross capital expenditures of class I line-haul railroads in the 3 years following the end of World War II and of the anticipated methods of financing these expenditures. It was based on estimates furnished by the carriers in mid-1945.

5. *Postwar levels of demand for transportation fuels compared with reserves.*—This study presents the annual requirements of transpor-

tation agencies in the early postwar period for the several types of fuel used in their operation, and devotes attention to prospective changes in this demand as they relate either to the supply situation or to technological changes in the production of power or in the production of fuels. Special attention was devoted to sources of supply of petroleum products, to the relation of reserves to annual requirements, and to possible substitutes for petroleum arising from technological advance in the production of synthetic fuels from coal, natural gas, and other sources.

The research staff also has prepared and presented testimony and exhibits in Dockets No. 29556, Charges on Small Shipments by Railroads, No. MC-C-543, Charges on Small Shipments by Motor Carriers, and No. MC-C-550, Investigation of Bus Fares.

The Bureau regularly prepares a series of monthly, quarterly, and annual publications based on reports filed with us by the various carriers subject to the provisions of the Interstate Commerce Act. A list of these publications appears in our Annual Report on the Statistics of Railways in the United States. Condensed statistical summaries of data relating to the various classes of carriers are given in appendix C of this report.

During the 12-month period ended June 30, 1947, the total number of reports received from the various classes of carriers was 47,104, of which 4,201 were annual reports as compared respectively with 39,738 and 2,682 reports received during the 1940 fiscal year. The Bureau's work load, as indicated by the number of reports received, examined, and tabulated, has been increased considerably in recent years because of the enlargement of our jurisdiction.

Reporting requirements covering the periodic freight commodity statistics of class I steam railways were revised and expanded by our order of September 24, 1946, which became effective January 1, 1947. The number of commodity classes covered by these reports was increased from 157 to 226 to provide for specific tonnage and revenue data for certain commodities formerly grouped with others. The returns are now submitted quarterly instead of on a monthly basis as heretofore, but because of the expansion of the reporting requirements, the net work load of the Bureau has not been materially affected by the change. Regional and district summaries of freight commodity statistics on the revised basis have been compiled for the first and second quarters of 1947.

Another important part of the Bureau's research work is that relating to the study of transportation costs. During the past fiscal year the cost section of the Bureau participated in more rate cases requiring the analysis or preparation of cost evidence than at any previous time in its history. Studies relating to costs, traffic, and rate

structure by both rail and motor carriers have been undertaken on a Nation-wide basis for use in proceedings instituted on the Commission's own motion. Much progress has been made in the direction of standardized cost finding procedures and formulas.

#### WAYBILL STUDIES

In November 1946 we began the collection of copies of railroad carload waybills from the class I railways. Under our order of September 6, 1946, all these carriers are required to file with this Bureau reproductions of waybills representing a 1 percent sample of all carload freight traffic terminated by each railway. In addition the order requires the carriers to furnish certain information as to the type of rate applied such as "class," "commodity," and the like. The Bureau of Traffic ascertains and inserts on such waybill copies the shortest rail-line distance and also the first-class rate from the point of origin to the point of destination. The waybill data with this additional information are then processed and tabulated by this Bureau.

The primary objectives of this work are to portray the traffic patterns and rate structures of the United States in terms of (1) groups and classes of commodities, (2) intraterritorial and interterritorial movements, (3) short-line distances, (4) type of rate, (5) rates charged, and (6) relation of the rates charged to the first-class rate. A secondary but very important objective from the standpoint of rate regulation is to furnish information from which it will be possible to develop a long-desired and much-needed index of freight rates for particular commodities and for all commodities combined. It is also intended to obtain information as to the extent and prevalence of circuitous freight movements by checking representative actual movements against the distance over the shortest route, although this portion of the work has not yet been undertaken.

There have been various difficulties and delays in the organization and development of this work because of its complexity as well as the lack of experience with it in our bureaus and in the offices of the railways. These difficulties are being overcome, and it is now anticipated that regular publication of analytical statistical statements of the character mentioned above will be begun before the end of the fiscal year 1947-48.

#### BUREAU OF VALUATION

During the year, this Bureau has been engaged principally in bringing to later dates inventories and other underlying data for railroads for which valuations have been previously made, as required by section 19a (f) of the Interstate Commerce Act; auditing reports covering



extensions, improvements, retirements, and other changes, collection of data reflecting changes in land values, supplying valuation data to carriers, other Government agencies, States, counties, cities, and to the general public.

The Bureau furnished statements of original cost to 35 carriers for use in setting up new investment accounts after reorganizations, consolidations, and mergers of railroad companies, in accordance with our requirements. Past accrued depreciation percentages were furnished to 10 railroads. Initial depreciation rates were supplied to 111 carriers for use in complying with our depreciation orders.

Elements of value for class I line-haul steam railroads showing totals by regions were submitted as an exhibit for *Ex parte No. 166, Increased Freight Rates, 1947*, and valuation data were furnished to the Bureau of Accounts, Bureau of Finance, and the Bureau of Transport Economics and Statistics for use in accounting and depreciation, reorganization, abandonment, acquisition, and cost studies.

Reports were prepared upon the Toledo, Peoria & Western Railroad for the Office of Defense Transportation covering a comparison between the inventory of materials and supplies as of the beginning and ending of Federal Control and upon the subject of deferred maintenance. The Department of Justice was assisted in condemnation proceedings. Assistance was furnished the War Department in connection with investigation of a tract of land required for the proposed enlargement of an Army base. The Bureau of Internal Revenue was furnished information as to the normalcy of certain phases of the railroad industry during the years 1936-39. An employee of the Bureau acted as a member of the Special Advisory Council to the War Assets Administration and conferred with that agency in connection with certain matters pertaining to the disposal of the Big Inch and Little Inch pipe lines.

The railroad construction indices prepared annually by the Bureau were revised to include the year 1946. These indices show that the cost of railroad construction in 1946 exceeded by about 3 percent the previous high point after World War I. The over-all index factor reached 232 in 1946 in relation to 1910-14 prices, as compared with 226 in 1920, with road items at 216 in contrast to 214 and equipment at 294 as against 265.

The work of bringing inventories and original cost of the pipe-line companies to later dates remains in suspense owing to limited staff.

Although there has been a slight increase in personnel of the Bureau, the staff is not yet adequate to put the work on a current basis.

**BUREAU OF WATER CARRIERS AND FREIGHT FORWARDERS**

The functions of this Bureau are outlined at page 114 of our annual report for 1945. They include, principally, (1) the processing of applications filed by water carriers and freight forwarders for operating authority or for exemption, and (2) assistance and advice to the Commission and its other bureaus on matters relating to the regulation of transportation by water under part III of the act and freight forwarders under part IV thereof. For approximately 2 years the Bureau's work has been current. Practically all of the "grandfather" or initially filed applications for certificates, permits, or exemption have been determined, and substantially all of the general rules and regulations contemplated by parts III and IV have been prescribed. We have issued only such regulations as we have deemed necessary to the proper administration of the provisions of those parts of the act.

Having completed the initial phases of its work, the Bureau now devotes its attention principally to new applications for operating authority and to questions which continually arise with respect to the practical application of regulation under changing conditions. During the period covered by this report an exceptionally large number of applications for temporary authority were filed, and most of them were disposed of. Applications for authority to extend existing services, institute new operations, or transfer certificates or permits, or for exemption constantly are being filed.

During the year 609 conferences were held in the Bureau's office in Washington with water-carrier or freight-forwarder representatives and others regarding various matters. Among the subjects dealt with were the institution of new services by freight forwarders and water carriers and the filing of applications for appropriate authority, the filing of requests for temporary operating authority, the issuance of embargoes, alleged unlawful practices of certain carriers and forwarders, water-carrier and railroad-competitive rates, exemption of ferry service, and many others. Two questions of major importance have been the subjects of much attention by the Bureau. These relate to the revival of private operation in the intercoastal and coast-wise trades, and the effect of the operations of shippers' associations and pool-car operators upon the business of regulated agencies. These matters are discussed elsewhere in this report.

During the year the Bureau issued 20 proposed reports in water-carrier and freight-forwarder application proceedings, prepared 37 revised reports in cases in which hearings were held by other bureaus, reviewed 16 reports in finance cases involving transfer of operating authority, and prepared 110 memoranda in rate cases.

An important current function of the Bureau entails investigation to assure compliance by water carriers and freight forwarders with the provisions of the act and the Commission's regulations. Much of this work is performed by the Bureau's field agents in Chicago, Ill., New Orleans, La., and San Francisco, Calif., and a special agent in the Washington office. So far as possible, such policing is done with an educational rather than a punitive purpose; that is, the carrier or forwarder is informed of violations detected in its operations and an effort made to correct its practices. Through the field representatives and the special agent, constant contact between the Bureau and the agencies and shippers is maintained for the purpose of accumulating and disseminating information with respect to matters assigned to the Bureau. During the year, 393 inquiries or investigations were instituted and reports filed thereon by the field representatives, and they participated in 326 conferences.

Since part III of the act became effective, 1,381 applications have been filed for authority to continue, extend, or institute water-carrier operations, or for exemption, of which 1,348 have been disposed of by grant, denial, or dismissal.

The following is a summary of the status of the work on water-carrier applications for the past year:

*Water-carrier applications*

During period Nov. 1, 1946, to Oct. 31, 1947, inclusive:

Certificates issued:

Authorizing continuance under "grandfather" clause.....	34
Authorizing new operations.....	49
Authorizing small-craft operations.....	1

Permits issued:

Authorizing continuance under "grandfather" clause.....	3
Authorizing new operations.....	2

Orders issued:

Granting temporary authority.....	62
Extending temporary authority.....	51

Substitution applications:

Approved.....	15
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Applications dismissed or denied:

For exemption.....	7
For authority to continue operations under "grandfather" clause.....	11
For authority for new operations.....	8
For authority for small-craft operations.....	
For authority to extend operations.....	7
For temporary authority.....	16



	Formal hearing	No formal hearing	Total
Reports issued in connection with applications:			
On applications for exemption	2	1	3
On applications to continue operations under "grandfather" clause	16	6	22
On applications for new authority	25	22	47
On applications for small craft		1	1
On reconsideration	3		3
Short-form certificates, permits, and orders issued:			
On applications to continue operations under "grandfather" clause		25	25
On new operation		17	17
On small craft			
On exemption		4	4
Show cause orders			
Total number of reports issued	46	76	122
Applications pending:			
For authority to continue operations under "grandfather" clause	3	2	5
For authority for new operations	11	7	18
For exemption	1	1	2
For authority to extend operations	10	2	12
For temporary authority		1	1
Total	25	13	38

In addition to the above, 17 applications for authority to merge or transfer water-carrier operating rights were acted upon during the year. There are now outstanding 275 common-carrier certificates and 75 contract-carrier permits issued to water carriers.

Twenty-one applications were filed during the year to engage in freight-forwarder operations. Since part IV was passed in 1942, we have received a total of 203 applications for freight-forwarder permits. Of these, 187 have been disposed of and 16 are pending.

One hundred fifteen permits have been issued, and we have denied or dismissed 72 applications principally because the operations were exempt or the applicants were subsidiaries seeking authority which would duplicate that of the proprietary forwarder.

Mention has been made in earlier reports of the investigation of the effect of the war on water carriers, the exemption provisions of part III of the act, and other related matters which the Commission instituted in April 1944 under section 304 (b). This investigation is docketed as *Ex parte No. 165, Problems in the Regulation of Domestic Transportation by Water*. The report of a staff member was released in January. It contains a number of findings with respect to the exemption provisions and various other matters of legislation and administration, and presents an economic analysis of the problems of the water-carrier industry. Pursuant to the Commission's request, exceptions and comments were filed by interested parties. Actions for the further advancement of this proceeding will be duly announced. (See p. 35 of our Sixtieth Annual Report for 1946.)

## SHIPPERS' ASSOCIATIONS AND AGENTS

Section 402 (c) provides in substance that the provisions of part IV of the act shall not be construed to apply to the operations of shippers or groups or associations of shippers in the consolidating and distributing of freight for themselves or their members on a nonprofit basis, or to the operations of shippers' agents in consolidating or distributing pool-car shipments, whose services and responsibilities are confined to the terminal area in which the operations are performed. The application of part IV is now limited to operations which come within the definition of a freight forwarder contained in section 402 (a).

The formation of groups or associations of shippers has increased materially since enactment of part IV and many such are now in operation. Information received through investigations by our staff and otherwise leaves doubt whether these are in all instances of the bona fide nonprofit type which the Congress apparently had in mind in passing section 402 (c), although some of them may well be. Also, information developed with respect to pool-car-operations indicates that some of these so operate that they may be actually and substantially competitive with freight forwarders, although the operations may not come within the full definition of a freight forwarder.

Operations of this nature may well expand to the point where they will have a serious adverse effect upon the stability of the presently regulated agencies upon which the general public must depend.

## LEGISLATIVE RECOMMENDATIONS

We submit the following recommendations for legislation:

1. That sections 1 (22), 5 (13), and 20a (1) be amended so as to make these and related paragraphs inapplicable to street, suburban, and interurban electric railways, except those which are operated as parts of general steam railroad systems of transportation or are engaged in the general transportation of freight and interchange standard steam railroad freight equipment with steam railroads for transportation in interstate or foreign commerce to or from points on their lines, and that sections 1 (22) and 5 (2) (a) be amended so as to make them inapplicable to acquisition or operation of spur, industrial, team, switching, or side tracks and of the excepted electric railways.
2. That section 3 (2) of the Interstate Commerce Act be amended to include the extension of credit for unpaid transportation charges of express companies.
3. That section 5 (2) (b) be amended by removing therefrom the requirement that "a public hearing shall be held in all cases where carriers by railroad are involved."
4. That sections 16 (5), 221 (a), and 315 (a) be amended so as to

permit service of notices suspending tariffs on a carrier or agent which publishes a joint tariff in lieu of service on all the carriers parties thereto, that the first-enumerated section be amended so that it shall not be mandatory upon us that such notices be served on agents of railroad companies in the city of Washington, and that sections 221 (a) and 315 (a) be amended so as to make it unnecessary to make service on motor carriers and water carriers by registered mail.

5. That the various provisions of the act, authorizing us to require reports from carriers and others and to inspect and copy accounts, books, records, et cetera (secs. 20, 220, 313, and 412) be amended so as to be applicable to associations or organizations maintained by or in the interest of any group of carriers or freight forwarders subject to the act.

6. That section 411 (c), making it unlawful for a director, officer, employee, or agent of any common carrier subject to the Interstate Commerce Act or of any person controlling, controlled by, or under common control with such a common carrier, in his or their own personal pecuniary interest, to own, lease, control, or hold stock in, any freight forwarder, directly or indirectly, be amended so as to permit such ownership, lease, control, or holding upon authorization by order of this Commission, upon due showing that neither public nor private interests will be adversely affected thereby.

7. That section 411 be amended to provide for the regulation of consolidations and leasing of freight forwarders.

8. That section 222 be amended by adding a new paragraph which would provide a remedy by forfeiture for failure of motor carriers, brokers, et cetera, to keep records in accordance with regulations prescribed under part II of the act or failure to file reports prescribed thereunder. (A remedy by forfeiture is provided for violation of various provisions of part I of the act, section 20 (7) for example, and for various reasons a forfeiture suit would be preferable to a prosecution upon the filing of an information which now is necessary in cases of derelictions such as those before mentioned.)

9. That the Federal statutes commonly known as the Transportation of Explosives Act (U. S. Code, title 18, secs. 382-386) be completely rewritten in the light of important developments relating to this subject which have occurred in the 25 years since the last revision of these statutes.

10. That this Commission be given emergency powers with respect to service by motor carriers and water carriers such as it now has with respect to car service by rail carriers.

11. That the Interstate Commerce Act be amended by adding new provisions which would make common carriers by motor vehicle and



by water and freight forwarders liable for the payment of damages in reparation awards to persons injured by them through violations of that act.

12. That the Interstate Commerce Act be amended so as to provide adequate regulation of two or more common carriers or freight forwarders, subject to the act, when they agree upon and act jointly through a bureau, conference, or association in establishing rates, fares, charges, et cetera, subject to the provisions of the act.

13. That section 25 be amended so as to authorize the Commission to require any carrier subject to that section to install and maintain telegraph, telephone, radio, inductive or other wayside or train communication systems intended to promote safety of railroad operation, and to establish and maintain rules, regulations, and practices with respect to operation of trains intended to promote safety of railroad operation.

14. That the Interstate Commerce Act be amended by adding after section 20a thereof, as provided by H. R. 2298 (80th Cong., 1st sess.) a new section (20b) permitting carriers by railroad as defined in section 20a, which are not in equity receivership or in process of reorganization under section 77 of the Bankruptcy Act, to make adjustments of their obligations without resort to judicial reorganization under section 77.

15. That section 20a of the Interstate Commerce Act be amended to make it applicable to sleeping-car companies.

16. That the Congress amend the Standard Time Act so as fully to occupy the legislative field respecting standards of time to be observed throughout the Nation.

CLYDE B. AITCHISON, *Chairman*.

WILLIAM E. LEE.

CHARLES D. MAHAFFIE.

CARROLL MILLER.

WALTER M. W. SPLAWN.

JOHN L. ROGERS.

J. HADEN ALLDREDGE.

WILLIAM J. PATTERSON.

J. MONROE JOHNSON.

GEORGE M. BARNARD.

RICHARD F. MITCHELL.

## APPENDIX A

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### SUMMARY OF INDICTMENTS RETURNED AND INFORMATION AND COMPLAINTS FILED IN UNITED STATES DISTRICT COURTS BETWEEN NOVEMBER 1, 1946, AND OCTOBER 31, 1947, INCLUSIVE, FOR VIOLATIONS OF THE INTERSTATE COMMERCE ACT, PARTS I, III, AND IV, THE ELKINS ACT, AND THE TRANSPORTATION OF EXPLOSIVES ACT

*United States v. American Can Company*, northern district of Illinois. February 12, 1947, information charging solicitation and acceptance of concessions in furnishing of cars; 8 counts.

*United States v. Atlas Plywood Corporation*, district of Maine. May 1, 1947, information charging false billing of built-up wood; 10 counts.

*United States v. Atlantic C. L. R. Co.*, eastern district of North Carolina. April 9, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 7 counts.

*United States v. Baltimore & O. R. Co.*, district of Maryland. March 27, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 10 counts.

*United States v. Robert Berman, Ethel Berman, and Fred Berman*, northern district of Alabama. October 8, 1947, indictment charging soliciting and accepting concessions by falsely describing shipments; 9 counts.

*United States v. Boston & M. R.*, district of Massachusetts. February 12, 1947, complaint charging violations of Agent Kendall's Order 1 issued under Service Order No. 534; 9 counts.

*United States v. Ben A. Bower*, eastern district of Tennessee. May 26, 1947, indictment charging false billing; 2 counts.

*United States v. M. P. Callaway, Trustee of Central of G. R. Co.*, southern district of Georgia. April 3, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 6 counts.

*United States v. Chesapeake & O. R. Co.*, eastern district of Virginia. February 13, 1947, complaint charging violations of Service Order No. 422 through failure to unload boxcars; 20 counts.

*United States v. Chicago & N. W. R. Co.*, eastern district of Wisconsin. March 28, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 5 counts.

*United States v. Chicago, M. St. P. & P. R. Co.*, eastern district of Wisconsin. April 1, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 10 counts.

*United States v. Chicago, M. St. P. & P. R. Co.*, eastern district of Wisconsin. May 14, 1947, information charging unlawful extension of credit; 20 counts.

*United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co.*, district of Minnesota. April 7, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 9 counts.

*United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co.*, northern district of Illinois. February 12, 1947, information charging granting of concessions in furnishing of cars; 8 counts.

*United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co.*, western district of Oklahoma. April 15, 1947, information charging violations of Commission's regulations governing the transportation of explosives; 5 counts.

*United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co.*, district of Kansas. October 24, 1947, information charging violation of Commission's regulations governing the transportation of explosives; 1 count.

*United States v. Chicago, St. P., M. & O. R. Co.*, district of Minnesota. April 7, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 5 counts.

*United States v. Columbia Panel Mfg. Co. and S. E. Tucker*, middle district of North Carolina. September 8, 1947, indictment charging soliciting and accepting concessions through misdescription of built-up wood; 10 counts.

*United States v. Charles F. Devlin & Sons, Inc.*, eastern district of Pennsylvania. April 11, 1947, information charging soliciting and accepting concessions by false billing of wool waste; 2 counts.

*United States v. Grand Trunk W. R. Co.*, eastern district of Michigan. April 22, 1947, complaint charging violations of Service Order No. 614 prohibiting delivery of loaded cars to a certain shipper; 11 counts.

*United States v. Great Northern R. Co.*, district of North Dakota. September 30, 1947, information charging violations of Commission's regulations governing transportation of explosives; 1 count.

*United States v. Gulf, M. & O. R. Co.*, southern district of Mississippi. April 29, 1947, information charging delivery of shipments without surrender of order bills of lading; 5 counts.

*United States v. Illinois Central R. Co.*, eastern district of Illinois. April 2, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 7 counts.

*United States v. Kulin Waste Co.*, district of Massachusetts. March 12, 1947, information charging soliciting and accepting concessions through false billing of wool waste; 10 counts.

*United States v. Lehigh Valley R. Co.*, southern district of New York. April 3, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 5 counts.

*United States v. Long Island R. Co.*, southern district of New York. April 3, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 10 counts.

*United States v. Miller Waste Mills, Inc.*, district of Massachusetts. March 12, 1947, information charging soliciting and accepting concessions through false billing of wool waste; 4 counts.

*United States v. Miller Waste Mills, Inc.*, eastern district of Pennsylvania. April 11, 1947, information charging soliciting and accepting concessions through false billing of wool waste; 3 counts.

*United States v. Minneapolis, St. P. & S. S. M. R. Co.*, district of Minnesota. April 7, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 5 counts.

*United States v. New York Central R. Co.*, southern district of New York. April 3, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 10 counts.

*United States v. New York, C. & St. L. R. Co.*, northern district of Ohio. May 15, 1947, complaint charging violations of Service Order No. 436 requiring prompt forwarding of refrigerator cars after unloading; 10 counts.

*United States v. Norfolk & W. R. Co.*, western district of Virginia. May 2, 1947, complaint charging violations of Service Order No. 422 concerning unloading of boxcars; 20 counts.

*United States v. Northern Pac. R. Co.*, district of North Dakota. September 30, 1947, information charging violations of Commission's regulations governing transportation of explosives; 4 counts.

*United States v. Pacific Portland Cement Co.*, district of Nevada. June 27, 1947, information charging soliciting and accepting concessions in failing to pay applicable demurrage charges; 20 counts.

*United States v. Pennsylvania R. Co.*, eastern district of Pennsylvania. April 3, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 10 counts.

*United States v. Pennsylvania R. Co.*, middle district of Pennsylvania. January 10, 1947, complaint charging violations of Service Order No. 436 requiring prompt forwarding of refrigerator cars after unloading; 10 counts.

*United States v. Pennsylvania R. Co.*, eastern district of Pennsylvania. April 29, 1947, complaint charging violations of Service Order No. 614 prohibiting delivery of loaded cars to a certain shipper; 6 counts.



*United States v. Pennsylvania-Reading S. L.*, eastern district of Pennsylvania. April 3, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 5 counts.

*United States v. Pere Marquette Ry. Co.*, eastern district of Michigan. March 31, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 5 counts.

*United States v. Pere Marquette Ry. Co.*, eastern district of Michigan. April 22, 1947, complaint charging violations of Service Order No. 614 prohibiting delivery of loaded cars to a certain shipper; 2 counts.

*United States v. St. Francois County R. Co.*, eastern district of Missouri. September 22, 1947, information charging unlawful extension of credit; 5 counts.

*United States v. Frank A. Thompson, Trustee, St. Louis-San Francisco Ry. Co.*, eastern district of Missouri. December 24, 1946, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 10 counts.

*United States v. Louis Shindler*, district of Massachusetts. March 12, 1947, information charging false billing and understatement of weights; 3 counts.

*United States v. Southern Pac. Co.*, northern district of California. November 6, 1946, information charging unlawful extension of credit; 20 counts.

*United States v. Southern Pac. Co.*, southern district of California. September 5, 1946, indictment charging violations of Commission's regulations governing transportation of explosives; 4 counts. (Advice received after November 1, 1946.)

*United States v. Southern Ry. Co.*, eastern district of Tennessee. November 23, 1946, information charging delivery of shipments without surrender of order bills of lading; 5 counts.

*United States v. Southern Ry. Co.*, eastern district of Tennessee. November 23, 1946, information charging unlawful extension of credit; 10 counts.

*United States v. Southern Ry. Co.*, District of Columbia. April 18, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 10 counts.

*United States v. Southern Ry. Co.*, District of Columbia. February 7, 1947, complaint charging violations of Service Order No. 422 requiring unloading of box cars; 10 counts.

*United States v. Chester Claude Stetfell and Barbara Ann Brill*, northern district of California. October 3, 1947, information charging unlawful use of pass; 1 count.

*United States v. Terminal Railroad Association of St. Louis*, eastern district of Missouri. November 27, 1946, complaint charging violation of Service Order No. 453 requiring unloading of boxcars at St. Louis, Mo.; 1 count.

*United States v. Texas & N. O. R. Co.*, southern district of Texas. May 8, 1947, complaint charging violation of Agent Taylor's Order 413 issued under Service Order No. 95; 8 counts.

*United States v. Moses Temerson, Jacob Temerson, and Abraham Temerson*, northern district of Alabama. October 8, 1947, indictment charging soliciting and accepting concessions by falsely describing shipments; 10 counts.

*United States v. Union Pac. R. Co.*, district of Nebraska. April 2, 1947, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95; 7 counts.

*United States v. Union Pac. R. Co.*, district of Oregon. October 31, 1946, information charging violations of Commission's regulations governing transportation of explosives; 2 counts. (Advice received after November 1, 1946.)

*United States v. Saul C. and Ruben Weinstein*, northern district of New York. October 16, 1947, indictment charging soliciting, accepting, and receiving concessions; 4 counts.

*United States v. Western Pac. R. Co.*, district of Nevada. June 27, 1947, information charging granting concessions by improper assessment of demurrage charges; 20 counts.

*United States v. Western Pac. R. Co.*, district of Nevada. June 27, 1947, information charging falsification of demurrage records; 10 counts.

**SUMMARY OF CASES CONCLUDED IN THE UNITED STATES DISTRICT COURTS BETWEEN NOVEMBER 1, 1946, AND OCTOBER 31, 1947, INCLUSIVE, FOR VIOLATIONS OF THE INTERSTATE COMMERCE ACT, PARTS I, III, AND IV, THE ELKINS ACT, AND THE TRANSPORTATION OF EXPLOSIVES ACT**

*United States v. American Can Co.*, northern district of Illinois, information charging solicitation and acceptance of concessions in furnishing of cars. September 25, 1947, plea of *nolo contendere* entered and fine of \$12,000 imposed.

*United States v. Atlas Plywood Corp.*, district of Maine, information charging false billing of built-up wood. May 21, 1947, plea of *nolo contendere* entered and fine of \$3,000 imposed.

*United States v. Atlantic Coast Line R. Co.*, eastern district of North Carolina, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95. August 28, 1947, confession of judgment entered and penalty of \$600 imposed.

*United States v. Boston & M. R.*, district of Massachusetts, complaint charging violations of Agent Kendall's Order No. 1 issued under Service Order 534. March 24, 1947, confession of judgment entered and penalty of \$1,000 imposed.

*United States v. M. P. Callaway, Trustee of Central of Georgia R. Co.*, southern district of Georgia, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95. July 31, 1947, confession of judgment entered and penalty of \$1,200 imposed.

*United States v. Chesapeake & O. R. Co.*, western district of Virginia, complaint charging violations of Service Order No. 422 through failure to unload boxcars. June 13, 1947, confession of judgment entered and penalty of \$2,000 imposed.

*United States v. Chicago & N. W. R. Co.*, eastern district of Wisconsin, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95. June 26, 1947, confession of judgment entered and penalty of \$500 imposed.

*United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co.*, district of Minnesota, information charging unlawful extension of credit. February 28, 1947, verdict of guilty and fine of \$125 imposed.

*United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co.*, district of Kansas, information charging violations of Commission's regulations governing the transportation of explosives. November 25, 1946, plea of guilty entered and fine of \$800 imposed.

*United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co.*, northern district of Illinois, information charging granting of concessions in furnishing of cars. September 25, 1947, plea of *nolo contendere* and fine of \$12,000 imposed.

*United States v. Joseph B. Fleming and Aaron Colnon, Trustees, Chicago, R. I. & P. R. Co.*, western district of Oklahoma, information charging violations of Commission's regulations governing the transportation of explosives. April 28, 1947, plea of guilty entered, and May 26, 1947 fine of \$500 imposed.

*United States v. Chicago, St. P. M. & O. R. Co.*, district of Minnesota, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95. September 25, 1947, confession of judgment entered and penalty of \$500 imposed.

*United States v. Chicago, M., St. P. & P. R. Co.*, eastern district of Wisconsin, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95. October 20, 1947, confession of judgment entered and penalty of \$1,000 imposed.

*United States v. Columbia Panel Mfg. Co. and S. E. Tucker*, middle district of North Carolina, indictment charging soliciting and accepting concessions through misdescription of built-up wood. October 31, 1947, plea of *nolo contendere* entered and fine of \$1,000 imposed.

*United States v. Charles F. Devlin & Sons, Inc.*, eastern district of Pennsylvania, information charging soliciting and accepting concessions by false billing of wool waste. May 8, 1947, plea of *nolo contendere* entered and fine of \$2,000 imposed.

*United States v. Grand Trunk Western R. Co.*, eastern district of Michigan, complaint charging violations of Service Order No. 614, prohibiting delivery of loaded cars to a certain consignee. August 6, 1947, confession of judgment entered and penalty of \$900 imposed.



*United States v. Gulf, M. & O. R. Co.*, southern district of Mississippi, information charging delivery of shipments without surrender of order bills of lading. June 24, 1947, plea of *nolo contendere* entered and fine of \$2,000 imposed.

*United States v. Illinois Central R. Co.*, eastern district of Illinois, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95. July 29, 1947, confession of judgment entered and penalty of \$700 imposed.

*United States v. Kulin Waste Co.*, district of Massachusetts, information charging soliciting and accepting concessions through false billing of wool waste. April 8, 1947, plea of *nolo contendere* entered and fine of \$10,000 imposed.

*United States v. Louisville & N. R. Co.*, eastern district of Illinois, information charging violation of Commission's regulations governing transportation of explosives. November 18, 1946, plea of guilty entered and fine of \$100 imposed.

*United States v. Luria Bros. & Co., Inc., and A. O. Smith Corporation*, northern district of Illinois, information charging soliciting and accepting concessions by the former and aiding and abetting by the latter. January 27, 1947, dismissed.

*United States v. Miller Waste Mills, Inc.*, district of Massachusetts, information charging soliciting and accepting concessions through false billing of wool waste. April 8, 1947, plea of *nolo contendere* entered and fine of \$4,000 imposed.

*United States v. Miller Waste Mills, Inc.*, eastern district of Pennsylvania, information charging soliciting and accepting concessions through false billing of wool waste. May 8, 1947, plea of *nolo contendere* entered and fine of \$3,000 imposed.

*United States v. Guy A. Thompson, Trustee, Missouri Pac. R. Co.*, western district of Missouri, indictment charging violation of Commission's regulations governing transportation of explosives. August 14, 1946, plea of guilty entered and fine of \$100 imposed. (Advice of disposition received after November 1, 1946.)

*United States v. Norfolk & W. R. Co.*, western district of Virginia, complaint charging violations of Service Order No. 422 concerning unloading of box cars. May 2, 1947, confession of judgment entered and penalty of \$2,000 imposed.

*United States v. Pennsylvania R. Co.*, middle district of Pennsylvania, complaint charging violations of Service Order No. 436. May 26, 1947, confession of judgment entered and penalty of \$2,000 imposed.

*United States v. Pennsylvania R. Co.*, eastern district of Pennsylvania, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95. June 24, 1947, confession of judgment entered and penalty of \$500 imposed.

*United States v. Pennsylvania R. Co.*, eastern district of Pennsylvania, complaint charging violations of Service Order No. 614 prohibiting delivery of loaded cars consigned to a specified shipper. July 14, 1947, confession of judgment entered and penalty of \$600 imposed.

*United States v. Pere Marquette Ry. Co.*, eastern district of Michigan, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95. June 10, 1947, confession of judgment entered. June 24, 1947, penalty of \$1,000 imposed.

*United States v. Pere Marquette R. Co.*, eastern district of Michigan, complaint charging violations of Service Order No. 614 prohibiting delivery of loaded cars to a certain consignee. August 6, 1947, confession of judgment entered and penalty of \$200 imposed.

*United States v. St. Francois County R. Co.*, eastern district of Missouri, information charging unlawful extension of credit. October 10, 1947, plea of guilty entered and fine of \$250 imposed.

*United States v. Frank A. Thompson, Trustee, St. Louis-San Francisco Ry. Co.*, eastern district of Missouri, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95. January 28, 1947, confession of judgment entered and penalty of \$1,000 imposed.

*United States v. Louis Shindler*, district of Massachusetts, information charging false billing and understatement of weights, April 8, 1947, plea of *nolo contendere* entered and fine of \$1,500 imposed.

*United States v. Southern Pac. Co.*, northern district of California, information charging unlawful extension of credit. December 6, 1946, plea of *nolo contendere* entered and fine of \$2,000 imposed.



*United States v. Southern Pac. Co.*, central division, southern district of California, indictment charging violations of Commission's regulations governing transportation of explosives. October 7, 1946, plea of *nolo contendere* entered, and October 28, 1946, fine of \$40 imposed. (Advice received after November 1, 1946.)

*United States v. Southern Ry. Co.*, Atlanta division, northern district of Georgia, information charging violations of Commission's regulations governing transportation of explosives. July 14, 1947, plea of *nolo contendere* entered and fine of \$100 imposed.

*United States v. Southern Ry. Co.*, eastern district of Tennessee, information charging delivery of shipments without surrender of order bills of lading. January 13, 1947, plea of *nolo contendere* entered and fine of \$2,000 imposed.

*United States v. Southern Ry. Co.*, eastern district of Tennessee, information charging unlawful extension of credit. January 15, 1947, plea of *nolo contendere* entered and fine of \$2,000 imposed.

*United States v. Terminal Railroad Association of St. Louis*, eastern district of Missouri, complaint charging violation of Service Order No. 453, requiring unloading of boxcars at St. Louis, Mo. January 30, 1947, confession of judgment entered and penalty of \$2,000 imposed.

*United States v. Texas & N. O. R. Co.*, southern district of Texas, complaint charging violations of Agent Taylor's Order 413 issued under Service Order No. 95. July 3, 1947, confession of judgment entered and penalty of \$800 imposed.

*United States v. Western Pac. R. Co.*, district of Nevada, information charging granting concessions by improper assessment of demurrage charges. September 18, 1947, plea of *nolo contendere* entered and fine of \$5,000 imposed.

*United States v. Western Pac. R. Co.*, district of Nevada, information charging falsification of demurrage records. September 18, 1947, plea of *nolo contendere* entered and fine of \$5,000 imposed.

## APPENDIX B

### SUMMARIES SHOWING ACTION TAKEN SINCE THE PERIOD COVERED BY THE LAST ANNUAL REPORT WITH RESPECT TO CASES INVOLVING ORDERS AND REQUIREMENTS OF THE COMMISSION AND STATUS ON OCTOBER 31, 1947, OF CASES PENDING IN THE COURTS

#### CASES DECIDED BY THE COURTS SINCE OCTOBER 31, 1946

##### SUPREME COURT OF THE UNITED STATES

###### *Champlin Refining Co. v. United States*

For case history see 1946 Annual Report, page 133. On November 18, 1946, judgment of the district court was affirmed and the Commission's order sustained (329 U. S. 29).

###### *W. H. Tompkins Co. v. United States*

For case history see 1946 Annual Report, page 132. On November 8, 1946, the case was docketed on appeal to the Supreme Court, and on December 9, 1946, motion to affirm of United States and the Commission was granted, and the Commission's order sustained, *per curiam* (329 U. S. 683).

###### *United States v. Seatrain Lines, Inc.*

For case history see 1946 Annual Report, page 130. On January 6, 1947, judgment of the district court was affirmed and the Commission's order held invalid (329 U. S. 424).

###### *Interstate Commerce Commission v. A. L. Mechling dba Mechling Barge Line.*

For case history see 1946 Annual Report, page 133. On March 31, 1947, judgment of the district court, setting aside Commission's order, was affirmed (330 U. S. 567).

###### *Interstate Commerce Commission v. Inland Waterways Corp.*

For case history see 1946 Annual Report, page 134. On March 31, 1947, judgment of the district court, setting aside Commission's order, was affirmed (330 U. S. 567).

###### *Interstate Commerce Commission v. Secretary of Agriculture of the United States.*

For case history see 1946 Annual Report, page 134. On March 31, 1947, judgment of the district court, setting aside Commission's order, was affirmed (330 U. S. 567).

###### *Levinson v. Spector Motor Service, Inc.*

For case history see 1946 Annual Report, page 133. On March 31, 1947, the jurisdiction of the Commission was sustained (330 U. S. 649).

###### *C. W. Falwell, Jr., v. United States.*

For case history see 1946 Annual Report, page 136. On December 21, 1946, the Commission's order was sustained (69 Fed. Supp. 71) and on March 31, 1947 decree of the district court was affirmed (330 U. S. 807).

###### *Ayrshire Collieries Corp. v. United States.*

###### *Chicago, M., St. P. & P. R. Co. v. United States.*

For history of cases see 1946 Annual Report, page 131. On April 28, 1947, judgment of the district court sustaining the Commission's order was reversed, due to absence of third judge in determining the causes (331 U. S. 132). On September 22, 1947, the cases were reargued before a properly constituted district court, and submitted for decision.

###### *The Motor Haulage Co., Inc., v. United States.*

For case history see 1946 Annual Report, page 135. On January 20, 1947, the Commission's order was sustained (70 Fed. Supp. 17), and on April 28, 1947, judgment of the district court was affirmed (331 U. S. 784).

###### *State of New York, et al. v. United States.*

For case history see 1946 Annual Report, page 131. On May 12, 1947, judgment of the district court was affirmed, and the Commission's orders sustained (331 U. S. 284).

*Corn Products Refining Co. v. United States.*

For case history see 1946 Annual Report, page 136. On September 5, 1946, the Commission's order was sustained (69 Fed. Supp. 869) and on May 3, 1947, the case was docketed on appeal to the Supreme Court. On June 2, 1947, motion to affirm was granted, and judgment of the district court affirmed (331 U. S. 790). On October 13, 1947, petition for rehearing was denied.

*Miami Transp. Co. v. United States.*

For case history see 1946 Annual Report, page 134. On August 14, 1947, the District Court sustained the Commission's order, and on October 27, 1947, motion to affirm of United States and the Commission was granted, and the Commission's order sustained, *per curiam* (332 U. S. ———).

*United States and New England Greyhound Lines, Inc. v. The Short Line, Inc.*

*The Short Line, Inc. v. United States.*

Suit to set aside the Commission's report and order of April 22, 1946, in Docket MC-1517 (Sub-No. 7), *New England Greyhound Lines, Inc., Cleveland, Ohio*, authorizing the New England Greyhound Lines, Inc., to transport passengers and their baggage, and express, newspapers and mail in the same vehicle with passengers, between Taunton, Mass., and Wyoming, R. I., over a prescribed route through Newport, R. I., serving all intermediate points, subject to a condition stated. On November 23, 1946, the complaint was filed, and on February 17, 1947, the district court granted in part the relief sought. Appeal and cross-appeal was taken to the Supreme Court in June, 1947. On October 13, 1947, the appeals were dismissed upon stipulation of all parties (332 U. S. ———).

#### DISTRICT COURTS OF THE UNITED STATES

*Corn Products Refining Co. v. United States*, northern district of Illinois, eastern division.

For case history see this page above.

*A., B. & C. Motor Transportation Co., Inc., v. United States*, district of Massachusetts.

For case history see 1946 Annual Report, page 134. On December 9, 1946, the Commission's order was sustained, and on February 10, 1947, the case was discontinued because not appealed within the time prescribed by law.

*C. W. Falwell, Jr., v. United States*, western district of Virginia, Lynchburg division.

For case history see page 156, this volume.

*The Motor Haulage Co., Inc., v. United States*, eastern district of New York.

For case history see page 156, this volume.

*Dohn Transfer Co., et al. v. United States*, northern district of Illinois, eastern division.

For case history see 1946 Annual Report, page 135. On January 21, 1947, the Commission's order was sustained and on March 24, 1947, the case was discontinued because not appealed within the time prescribed by law.

*On-Time Transfer Co. v. United States*, district of Nebraska, Omaha division.

For case history see 1946 Annual Report, page 134. On February 13, 1947, the Commission's order was sustained and on April 14, 1947, the case was discontinued because not appealed within the time prescribed by law.

*Robert Berman and Ethel Berman, a Copartnership, v. United States*, northern district of Alabama, southern division.

For case history see 1946 Annual Report, page 135. On February 25, 1947, the Commission's order was sustained, and on April 28, 1947, the case was discontinued because not appealed within the time prescribed by law.

*Deaton Truck Line, Inc., v. United States*, northern district of Alabama, southern division.

For case history see 1946 Annual Report, page 135. On February 25, 1947, advice was received that on August 13, 1946, the Commission's order was sustained. On March 1, 1947, the case was discontinued because not appealed within the time prescribed by law.

*C. W. Hendley, Inc. v. United States*, District of Columbia.

Suit for mandatory injunction commanding the Commission to issue a permit, under Service Order No. 552, authorizing the shipment of buckwheat coal Nos. 4 & 5 (anthracite) from Moosic, Pa., to Greenwich Piers, Philadelphia, Pa., for



export on account of U. N. N. R. A., to Italy. On February 7, 1947, the complaint was filed, and on February 25, 1947, memorandum opinion was filed by the court sustaining the Commission's motion for summary judgment, and order of dismissal entered. On April 28, 1947, the case was discontinued because not appealed within the time prescribed by law.

*The Short Line, Inc., v. United States*, district of Connecticut.

For case history see page 157, this volume.

*Herrin Transp. Co. v. United States*, southern district of Texas, Houston division.

For case history see 1946 Annual Report, page 134. On November 1, 1946, the case was argued and submitted for decision, and on March 13, 1947, the Commission's order was held invalid. On May 16, 1947, the case was discontinued because not appealed within the time prescribed by law.

*Baltimore & Ohio R. Co. v. United States*, northern district of Ohio, eastern division.

*Cleveland Union Stock Yards Co. v. United States*, northern district of Ohio, eastern division.

Suits to set aside Commission's report and order of May 3, 1946, in Docket No. 28714, *Swift & Co. v. Baltimore & O. R. Co.*, 266 I. C. C. 55, wherein it was held that the refusal of defendants to deliver to complainant's sidetrack at Cleveland, Ohio, livestock shipments consigned thereto, while contemporaneously providing such service to complainant's competitors, violated sections 3 (1), 1 (6), and 1 (9), of part I of the Interstate Commerce Act. On November 20, 1946, and December 13, 1946, the complaints were filed, and on March 11, 1947, the Commission's order was held invalid (71 Fed. Supp. 499). On July 24, 1947, the cases were docketed on appeal to the Supreme Court.

*New York Central R. Co. v. United States*, southern district of Ohio, eastern division.

For case history see 1945 Annual Report, page 131. On April 29, 1947, final decree, dismissing the complaint, was entered by the court, and on August 1, 1947, the case was discontinued, plaintiffs having decided not to appeal.

*West Twenty-third Street Ferry Assn. v. United States*, southern district of New York.

Suit to set aside Commission's orders of October 10, 1946, and December 9, 1946, in F. D. No. 14920, *Hoboken Ferry Co. Abandonment*, 267 I. C. C. 51, which orders permit the Ferry Company and the Railroad Company to abandon the portion of the ferry route between Hoboken, N. J., and West Twenty-third St., New York, N. Y., on the ground that present and future public convenience and necessity require such discontinuance and abandonment. On December 26, 1946, the complaint was filed, and on April 18, 1947, the Commission's order permitting abandonment was sustained by the court. On July 28, 1947, the case was discontinued because not appealed within the time prescribed by law.

*E. S. Lubfin, dba Safeway Motor Coach Lines, v. Interstate Commerce Commission*, district of Oregon.

For case history see 1945 Annual Report, page 129. On May 3, 1947, the case was dismissed by the court, with prejudice.

*Wilfred W. Auclair v. United States*, district of Massachusetts.

For case history see 1943 Annual Report, page 146. On April 15, 1947, the case was argued and submitted, and on June 10, 1947, the court sustained the Commission's order (72 Fed. Supp. 160). On August 11, 1947, the case was discontinued because not appealed within the time prescribed by law.

*Albert E. Schwabacher v. United States*, eastern district of Virginia.

Suit to set aside Commission's order of April 1, 1947, in F. D. No. 15228, *Pere Marquette Ry. Co. Merger*, 267 I. C. C. 207, authorizing and approving, subject to conditions prescribed, merger of the properties and franchises of the Pere Marquette Ry. Co. into the Chesapeake & Ohio Ry. Co., for ownership, management, and operation. On May 29, 1947, the complaint was filed, and on June 4, 1947, the court's order and decree denying the injunction were entered. (72 Fed. Supp. 560.) Final decree, dismissing action, was entered by the court on June 16, 1947, and on August 12, 1947, the case was docketed on appeal to the Supreme Court.

*Campus Travel, Inc. v. United States*, southern district of New York.

Suit to set aside that part of Commission's order in Docket No. MC-22589, *Campus Travel, Inc., dba Campus Coach Lines*, New York, N. Y., as limits petitioner's operation of its motor vehicles to the transportation of not more than six passengers, not including the driver, and children under 10 years of age who do not occupy a seat or seats, in any one vehicle, between Philadelphia, Pa., and

Tamiment, Pa., and between Philadelphia, Pa., and Bushkill, Pa. On March 21, 1947, the bill of complaint was filed, and on June 27, 1947, the complaint was dismissed by the court. (72 Fed. Supp. 711.) On September 2, 1947, the case was discontinued because not appealed within the time prescribed by law.

*Miami Transp. Co., Inc. of Indiana, v. United States*, southern district of Indiana, Indianapolis division.

For case history see page 157, this volume.

*Western Auto Transports, Inc., v. United States*, district of Colorado.

Suit to set aside Commission's report of May 20, 1946, in Docket No. MC-105325, *V. G. Garnett, E. V. Garnett, and Holt Chew Common Carrier Application*, wherein division 5 found public convenience and necessity required operation by applicants, over irregular routes, as a common carrier by motor vehicle in truck-away service, of specified commodities (1) in initial movements, from certain points or territories in Michigan to points in Colorado, Wyoming, New Mexico, and Utah, and (2) in secondary movements between points in Colorado, Wyoming, New Mexico, and Utah. On March 5, 1947, the complaint was filed, and on August 20, 1947, final decree, denying permanent injunction and dismissing the complaint, was entered by the court. On October 23, 1947, the case was discontinued on failure to appeal within time fixed by law.

### CASES DISCONTINUED

#### DISTRICT COURTS OF THE UNITED STATES

*A., B. & C. Motor Transportation Co., Inc., v. United States*, district of Massachusetts.

For case history see 1946 Annual Report, page 134, and page 157, this volume.

*Baltimore & Ohio R. Co. v. United States*, western district of Pennsylvania.

For case history see 1946 Annual Report, page 135. On February 3, 1947, the case was discontinued because not appealed within the time prescribed by law.

*Deaton Truck Line, Inc., v. United States*, northern district of Alabama, southern division.

For case history see 1946 Annual Report, page 135, and page 157, this volume.

*Dohrn Transfer Co. v. United States*, northern district of Illinois, eastern division.

For case history see 1946 Annual Report, page 135, and page 157, this volume.

*Robert Berman and Ethel Berman, a Copartnership, v. United States*, northern district of Alabama, southern division.

For case history see 1946 Annual Report, page 135, and page 157, this volume.

*C. W. Hendley, Inc., v. United States*, District of Columbia. For case history see page 157, this volume.

*On-Time Transfer Co. v. United States*, district of Nebraska, Omaha division.

For case history see 1946 Annual Report, page 134, and page 157, this volume.

*Herrin Transp. Co. v. United States*, southern district of Texas, Houston division.

For case history see 1946 Annual Report, page 134, and page 158, this volume.

*Everett A. Hoagland v. United States*, district of Oregon.

For case history see 1946 Annual Report, page 136. On April 22, 1947, the case was dismissed by the court, with prejudice, on stipulation of the parties.

*Spring Valley Motor Coach Co., Inc., v. United States*, southern district of New York.

For case history see 1943 Annual Report, page 146. On June 16, 1947, the case was dismissed by the court for lack of prosecution.

*West Twenty-third Street Ferry Assn., Inc., v. United States*, southern district of New York.

For case history see page 158, this volume.

*Bingaman, dba Silver Freight Lines, v. United States*, district of New Mexico.

Suit to set aside Commission's report of April 10, 1946, as modified by report of March 10, 1947, in Docket No. MC-104798, *Gwyn Common Carrier Application*, 47 M. C. C. 61, finding that the present and future public convenience and necessity require operation by applicant in interstate or foreign commerce, as a common carrier by motor vehicle of general commodities, with certain exceptions, between Silver City, N. M., and El Paso, Tex., over U. S. Highway 260, from Silver City to Deming, N. M., intermediate point of Deming restricted to traffic destined to or originating at points north thereof, and serving Deming and Silver City, and the off-route points of Bayard, Fort Bayard, Fierro, Hanover, Santa Rita, and Vanadium, N. M., and those within 1 mile of the intermediate and off-route



points named. On April 28, 1947, bill of complaint was filed, and on August 5, 1947, the court dismissed the case on stipulation of the parties.

*Wilfred W. Auclair v. United States*, district of Massachusetts.

For case history see page 158, this volume.

*New York Central R. Co. v. United States*, southern district of Ohio, eastern division.

For case history see page 158, this volume.

*Campus Travel, Inc., v. United States*, southern district of New York.

For case history see page 158, this volume.

*Emery Transportation Co., a Corp. v. Interstate Commerce Commission*, District of Columbia.

Complaint in mandamus to compel the Commission to issue a permit to plaintiff, a contract motor carrier in interstate commerce, for the transportation in interstate or foreign commerce, over irregular routes, (1) of salt from Akron and Cleveland, Ohio, and Manistee, St. Clair and Marysville, Mich., and points within 5 miles of each, to points in Illinois, Indiana, Ohio, Michigan, Wisconsin, part of Pennsylvania, part of New York, certain points in Kentucky, and St. Louis, Mo., and (2) rejected shipments of salt from above destination points in the origin areas. On July 25, 1947, the complaint was filed, and on August 14, 1947, the case was dismissed by the court on stipulation of the parties.

*E. S. Lubfin, dba Safeway Motor Coach Lines v. Interstate Commerce Commission*, district of Oregon.

For case history see page 158, this volume.

*Western Auto Transports, Inc. v. United States*, district of Colorado.

For case history see page 159, this volume.

## CASES PENDING

### SUPREME COURT OF THE UNITED STATES

*United States v. Baltimore & Ohio R. Co.*

For case history see page 158, this volume.

*United States v. Cleveland Union Stock Yards Co.*

For case history see page 158, this volume.

*Albert E. Schwabacher v. United States.*

For case history see page 158, this volume.

*James F. Morris v. Walling, Administrator.*

Suit by administrator to enjoin a motor carrier from refusing to pay employees (truck drivers and garage employees) overtime compensation under the Fair Labor Standards Act. On April 7, 1947, certiorari was granted by the Supreme Court, and the Interstate Commerce Commission invited to file a brief, amicus curiae. On October 10, 1947, brief, amicus curiae, was filed on behalf of the Commission. On October 13, 1947, the case was argued and taken under advisement.

### DISTRICT COURTS OF THE UNITED STATES

*All States Freight, Inc., v. United States*, northern district of Ohio, eastern division.

For case history see 1944 Annual Report, page 121. On April 30, 1947, the case was reargued and submitted for decision.

*Shawmut Transportation Co., Inc., v. United States*, district of Massachusetts.

For case history see 1945 Annual Report, page 129.

*Asbury Park-New York Transit Corp. v. United States*, southern district of New York.

For case history see 1945 Annual Report, page 131.

*Stearn and Hartman v. United States*, western district of Virginia.

For case history see 1946 Annual Report, page 134.

*Inland Navigation Co., a Corp. v. United States*, eastern district of Washington, southern division.

For case history see 1946 Annual Report, page 135. On June 2, 1947, the case was argued and submitted for decision.

*International Ry. Co. v. United States*, western district of New York.

For case history see 1946 Annual Report, page 135.



## DISTRICT COURTS OF THE UNITED STATES

*Middle Atlantic States Motor Carrier Conference, Inc., v. United States*, district of Delaware.

For case history see 1946 Annual Report, page 136.

*Great Lakes Steel Corp. v. United States*, eastern district of Michigan, southern division.

Suit to set aside the Commission's report and order of May 28, 1946, in Docket No. 29165, *Great Lakes Steel Corp. v. Baltimore & O. R. Co.*, 264 I. C. C. 779, holding that rates charged on iron and steel articles, in carloads, from points in Michigan, New York, and Rhode Island, stopped for fabrication in transit at Mansfield, Ohio, and the fabricated material shipped from Mansfield to destinations in various States, were not shown to have been inapplicable, and dismissing the complaint. On January 13, 1947, the complaint was filed, and on March 11, 1947, the Commission's intervention and answer were filed.

*Lang Transportation Corp. v. United States*, southern district of California, central division.

Suit to set aside the Commission's report and order of April 8, 1946, in Docket No. MC-70662 (Sub-No. 5), *Cantlay & Tanzola, Inc.—Extension—Las Vegas and St. George*, (unreported), granting certificate of public convenience and necessity authorizing operation as a common carrier by motor vehicle of petroleum products, in bulk, from points in the Los Angeles Basin to points in Nevada and Utah. On February 6, 1947, the complaint was filed, and on July 11, 1947, the case was argued and submitted for decision.

*Ayrshire Collieries Corp. v. United States*.

*Chicago, M., St. P. & P. R. Co. v. United States*.

For history of cases, see page 156, this volume.

*Ontario Freight Lines Corp. v. United States*, district of New Jersey.

Suit to set aside the Commission's report of March 12, 1946, (petition for rehearing denied Sept. 12, 1946), in MC-C-407, *Great Atlantic & Pacific Tea Co. v. Ontario Frt. Lines*, 46 M. C. C. 237, wherein the Commission found that the practice of defendant motor common carrier, in transporting shipments of groceries over its local interstate routes, instead of over its lower-rated intrastate routes, is unjust and unreasonable. On March 11, 1947, the complaint was filed, and on June 13, 1947, the case was argued and submitted for decision.

*Jim Anderson v. Chester F. Hanely, District Supervisor, Interstate Commerce Commission*, western district of Oklahoma.

Application for injunction to restrain Chester F. Hanely, District Supervisor, Interstate Commerce Commission, Oklahoma City, Okla., from taking any steps to require plaintiff, operating a "share-the-ride" transportation service in Oklahoma City, under the names of Osage Travel Bureau and Ottoway Travel Bureau, to secure a license for carrying on such business, on the ground that it is not covered by the motor carrier act. On April 29, 1947, the complaint was filed, and, at the court's request, on June 6, 1947, brief for the Commission was filed.

*Anaconda Copper Mining Co. v. United States*, district of Montana.

Suit to set aside the Commission's report and order of October 14, 1946, in *Anaconda Copper Mining Co. Terminal Services*, Ex Parte 104, Part II, 266 I. C. C. 387, as modified by supplemental report of March 10, 1947, insofar as such report holds that certain services performed by the railroads in plaintiff's plant at Black Eagle, Mont., are industrial services which the carriers are not required to perform, under the line-haul rates, and directing a discontinuance of the performance of such services. On May 9, 1947, the complaint was filed, and on July 22, 1947, the Commission's intervention and answer were filed. On September 15, 1947, the case was argued and submitted for decision.

*United States Smelting, Refining & Mining Co., a Corp. v. United States*, district of Utah, central division.

Suit to set aside the Commission's report and order of October 14, 1946, in *United States Smelting Refining and Mining Co.*, Ex Parte 104, Part II, 266 I. C. C. 476, wherein the Commission found that the transportation service which it is the duty of the railroad respondents to perform for plaintiffs at Midvale, Utah, under the line-haul rates, ends at the assembly yard. On June 11, 1947, the petition was filed, and on June 17, 1947, the case was argued and submitted for decision.

*Bingham & Garfield Ry. Co. v. United States*, district of Utah, central division.

Suit to set aside the Commission's report and order of October 14, 1946, in *American Smelting & Refining Co.*, Ex Parte 104, Part II, 266 I. C. C. 349, wherein the Commission found that the railroad respondents' line-haul rates do not in-

clude services beyond the tracks described of record at plants of the Company at Garfield and Murray, Utah, and Leadville, Colo., and that the performance of such services by respondents beyond those tracks without reasonable compensation in addition to the line-haul rates is unlawful. On July 11, 1947, the complaint was filed, and on June 17-18, 1947, the case was argued and submitted for decision.

*Capital Transit Co., a Corp. v. United States*, District of Columbia.

Suit to set aside the Commission's report and order of May 7, 1947, in Docket No. MC-C-891, and the Commission's order of June 22, 1945, in Docket No. 28991, wherein, in the first case, the Commission rejected for filing a notice tendered by the Capital Transit Company to revoke its concurrences in tariffs containing joint fares between the District of Columbia and the Pentagon Building, and other points in nearby Virginia, and in which the Commission also rejected for filing schedules by which certain other motor common carriers propose to cancel the said joint fares. On June 17, 1947, the complaint was filed, and on July 22, 1947, the Commission's answer was filed.

*Chicago, Duluth & Georgian Bay Transit Co. v. United States*, eastern district of Michigan, southern division.

Suit to set aside the Commission's order of May 26, 1947, in Docket No. W-378 (Sub-No. 3-T A), *Detroit & Cleveland Navigation Temporary Authority Cruises*, authorizing D. & C. Navigation Company to operate as a common carrier by self-propelled vessels in interstate or foreign commerce, and in the transportation of passengers and their automobiles between Buffalo, N. Y., Cleveland, Ohio, Detroit, Mackinac Island, Sault Ste. Marie, and Harbor Springs, Mich., and Chicago, Ill., between June 5, 1947, and September 27, 1947. On June 7, 1947, the complaint was filed.

*Riss & Co., Inc., a Corp. v. United States*, western district of Missouri, western division.

Suit to set aside the Commission's report and certificate of February 3, 1945, in Docket No. MC-200 (Sub-No. 46), *Riss & Co., Inc. Common Carrier Application*, 44 M. C. C. 802 embracing also MC-30077 (Sub-No. 1), *Monark Motor Freight, Inc., Extension*, in so far as said order limits and restricts the operation of plaintiff as a common carrier of general commodities over the route or routes and within the territory denied. On July 23, 1947, the complaint was filed, and on September 20, 1947, the Commission's answer was filed.

*Simms Motor Freight, Inc. v. United States*, northern district of Illinois, eastern division.

Suit to compel Mammina, dba Tri-State Motor Express, to renew a 5-year lease, expiring July 10, 1947, of certain operating rights granted Tri-State Motor Express by certificate No. MC-80388, and approved by division 5 on July 10, 1942, Docket No. MC-FC-30312. On August 18, 1947, bill of complaint was served on the Commission. November 19, 1947, motion to dismiss filed.

*The Long Island Railroad Co. v. United States*, southern district of New York.

Suit to set aside the Commission's report and order of July 25, 1947, in Docket No. 29670, *Increased Per Diem Charge on Freight Cars*, 268 I. C. C. 659, finding that, for a period of 6 months beginning October 1, 1947, a per diem charge of \$2 per car should be paid to the owner for the use of each car during periods of car shortages, except tank and refrigerator cars, to promote greater efficiency in the use and supply of cars. On September 17, 1947, the petition was filed. On September 30, 1947, the case was argued and submitted for decision; and the Commission's motion to dismiss because of improper venue was filed.

*Palmer, et al., Trustees, New York, N. H. & H. R. Co., debtor, et al. v. United States*, District of Columbia.

Suit to set aside the Commission's report and order of July 25, 1947, in Docket No. 29670, *Increased Per Diem Charge on Freight Cars*, 268 I. C. C. 659, finding that, for a period of 6 months beginning October 1, 1947, a per diem charge of \$2 per car should be paid to the owner for the use of each car during periods of car shortages, (except tank and refrigerator cars) to promote greater efficiency in the use and supply of cars. On September 22, 1947, petition was filed. On September 23, 1947, intervening complaint was filed. On September 26-29, 1947, the case was argued and submitted for decision. On September 26, 1947, answer of the Commission was filed. On October 7, 1947, the case was argued and submitted for decision on final hearing.

*Allen R. Mathis v. Hooppole, Yorktown & Tampico R. R. Co., Illinois Commerce Commission, and Interstate Commerce Commission*, circuit court of Henry County, Ill.

Complaint in chancery by holders of common stock for an order dissolving said railroad corporation, decreeing a sale of assets and to distribute the proceeds to the shareholders according to their share holdings, and making the Interstate Commerce Commission a defendant to "obtain a final permit . . . to abandon operations of the said railroad." On September 22, 1947, complaint in chancery was filed.

*Herrin Transportation Co. v. United States and Interstate Commerce Commission*, northern district of Texas, Dallas division.

Suit to set aside Commission's certificate of January 18, 1943, in Docket MC-1124 (Sub-No. 6), *Herrin Transp. Co., Houston, Tex.*, insofar as it has been construed to prohibit operations between Dallas, Tex., and Shreveport, La., via Lufkin, Tex. On October 6, 1947, the complaint was filed.

*Montgomery Ward & Co., Inc. v. United States and Interstate Commerce Commission*, northern district of Illinois, eastern division.

Suit to set aside Commission's order of March 14, 1947, in Docket No. 29530, *Montgomery Ward & Co., Inc. v. Chicago, M., St. P. & P. R. Co.*, in which petition for reconsideration was denied by the entire Commission on July 7, 1947, wherein the Commission held that the failure of the Milwaukee to furnish pick-up service and transportation for interstate shipments of general commodities from Chicago, Ill., to various destinations throughout the United States during the period of a strike of employees of Montgomery Ward & Co., at Chicago, for which the railroad company was not responsible, and which prevented it from serving plaintiff's plant, was not in violation of section 1 (4) of the Interstate Commerce Act, and dismissed the complaint. On October 13, 1947, the complaint was filed.

*Boulevard Transit Lines, Inc. v. United States, Interstate Commerce Commission and Hudson Bus Transp. Co., Inc.*, district of New Jersey.

Suit to set aside certificate of Commission insofar as it is claimed Hudson Bus Transportation Company as purchaser of certain operating rights, is engaging in other than seasonal operations as a result of such purchase, and because the certificate granted to Hudson under section 207a does not describe street by street operations. On October 27, 1947, the complaint was filed.



## APPENDIX C

### STATISTICAL SUMMARIES

- A. Statistics of railway development since 1936.  
 B. Statistics from monthly and other periodical reports of carriers.

#### A. Statistics of Railway Development

Data for years preceding 1936 for most of the tables appear in prior reports.

TABLE I.—*Mileage operated and mileage owned by steam railways in the United States, 1936-46*

Year ended Dec. 31—	Road owned in the United States <sup>1</sup> (first main track)	Total miles of all tracks operated, excluding trackage rights <sup>2</sup>	Mileage operated by classes I, II, and III line haul railways (including trackage rights)			
			First main track	Second or additional main tracks	Yard track and sidings	All tracks
1936.....	240, 104	395, 263	251, 542	41, 731	123, 108	416, 381
1937.....	238, 539	393, 030	250, 582	41, 579	122, 411	414, 572
1938.....	236, 842	389, 704	248, 474	41, 589	121, 261	411, 324
1939.....	235, 064	386, 819	246, 922	41, 445	119, 983	408, 350
1940.....	233, 670	385, 178	245, 740	41, 373	118, 862	405, 975
1941.....	231, 971	382, 439	244, 263	41, 166	118, 196	403, 625
1942.....	229, 174	378, 570	241, 737	41, 137	116, 753	399, 627
1943.....	227, 999	377, 631	240, 745	41, 093	116, 892	398, 730
1944.....	227, 335	377, 210	240, 215	41, 178	117, 044	398, 437
1945.....	226, 696	376, 772	239, 438	41, 106	117, 510	398, 054
1946.....	226, 438	376, 516	239, 069	41, 015	117, 953	398, 037

<sup>1</sup> Includes mileage of some small companies that do not make annual reports to the Commission.

<sup>2</sup> Includes mileage of classes I, II, and III line-haul railways and switching and terminal companies.

TABLE II.—*Equipment of steam railways, including switching and terminal companies, in service at the close of each year, 1936-46* <sup>1</sup>

Year ended Dec. 31—	Locomotives							
	Steam		Electric		Diesel-electric		Other	
	Number	Average tractive effort <sup>2</sup>	Number	Average tractive effort <sup>2</sup>	Number	Average tractive effort <sup>2</sup>	Number	Average tractive effort <sup>2</sup>
		<i>Pounds</i>		<i>Pounds</i>		<i>Pounds</i>		<i>Pounds</i>
1936.....	46, 923	48, 972	858	54, 731	175	( <sup>3</sup> )	53	( <sup>3</sup> )
1937.....	46, 342	49, 412	872	54, 957	293	( <sup>3</sup> )	48	( <sup>3</sup> )
1938.....	45, 210	49, 803	882	55, 402	403	( <sup>3</sup> )	49	( <sup>3</sup> )
1939.....	43, 604	50, 395	879	55, 661	639	( <sup>3</sup> )	50	( <sup>3</sup> )
1940.....	42, 410	50, 905	900	56, 238	967	55, 130	56	22, 610
1941.....	41, 911	51, 217	895	56, 301	1, 517	54, 733	52	22, 628
1942.....	41, 755	51, 811	892	56, 591	1, 978	54, 942	46	22, 740
1943.....	41, 983	52, 451	907	56, 896	2, 476	55, 200	40	19, 923
1944.....	41, 921	52, 822	902	56, 878	3, 432	56, 398	50	21, 684
1945.....	41, 018	53, 217	885	57, 295	4, 301	55, 868	49	21, 474
1946.....	39, 592	53, 735	867	58, 565	5, 008	55, 872	44	20, 529

See footnotes at end of table.

TABLE II.—*Equipment of steam railways, including switching and terminal companies, in service at the close of each year, 1936-46*<sup>1</sup>—Continued

Year ended Dec. 31—	Cars					
	Freight cars (excluding caboose)		Passenger train	Coaches		
	Number	Average capacity <sup>2</sup>	Number	Number	Average seating capacity <sup>2</sup>	Number air-con- ditioned <sup>2</sup>
		<i>Tons</i>				
1936.....	1,790,043	48.8	41,390	18,893	80	( <sup>3</sup> )
1937.....	1,776,428	49.2	40,949	18,585	78	3,387
1938.....	1,731,096	49.4	39,931	18,124	78	3,732
1939.....	1,680,519	49.7	38,977	17,827	78	4,106
1940.....	1,684,171	50.0	38,308	17,470	77	4,374
1941.....	1,732,673	50.3	38,334	17,490	77	4,784
1942.....	1,773,735	50.5	38,446	17,807	77	5,166
1943.....	1,784,472	50.7	38,331	17,929	77	5,291
1944.....	1,797,012	50.8	38,217	17,842	77	5,316
1945.....	1,787,073	51.1	38,633	17,668	77	5,326
1946.....	1,768,400	51.3	38,697	17,654	77	5,677

<sup>1</sup> Privately owned cars and cars owned or leased by the Pullman Co., are not included. In 1946, privately owned freight-carrying cars numbered 262,039 and cars owned or leased by the Pullman Co., 7,281.

<sup>2</sup> Class I steam railways.

<sup>3</sup> Not available in these years.

TABLE III.—*Railway capital actually outstanding and net income, 1936-46: Line-haul railways and their lessor subsidiaries*

Year ended Dec. 31—	Total rail- way capital	Funded debt unmatured <sup>1</sup>	Preferred stock	Common stock	Ratio of debt to capital	Net income <sup>2</sup>	Ratio of net in- come to stock
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>	<i>Thousands</i>	<i>Percent</i>
1936.....	\$21,961,035	\$12,031,385	\$2,016,857	\$7,912,793	54.8	\$221,591	2.23
1937.....	21,694,645	11,881,981	2,022,887	7,789,777	54.8	146,351	1.49
1938.....	21,428,320	11,639,907	2,022,436	7,765,977	54.3	87,468	-----
1939.....	21,193,501	11,419,945	2,022,266	7,751,290	53.9	141,134	1.44
1940.....	21,047,280	11,277,306	2,036,121	7,733,853	53.6	243,148	2.49
1941.....	20,707,778	11,208,816	1,952,593	7,546,369	54.1	557,672	5.87
1942.....	20,471,191	10,970,648	1,935,222	7,565,321	53.6	992,843	10.45
1943.....	19,913,582	10,484,259	1,912,119	7,517,204	52.6	946,150	10.03
1944.....	19,402,593	9,954,215	1,984,173	7,464,206	51.3	733,461	7.76
1945.....	18,681,292	9,257,950	1,980,750	7,442,592	49.6	502,250	5.33
1946.....	18,449,437	9,040,901	1,960,995	7,447,541	49.0	334,966	3.56

<sup>1</sup> Does not include long-term debt in default. For class I railways and their nonoperating subsidiaries such debt amounted to \$588,299 (thousands) at the close of 1946.

<sup>2</sup> Intercompany duplications not eliminated, but amounts shown correspond with the stock in the second and third preceding columns. Deficits shown in italics.

TABLE IV.—*Dividends, 1936-46: Line-haul railways and their lessor subsidiaries*

Year ended Dec. 31—	Proportion of stock paying dividends <sup>1</sup>	Amount of dividends <sup>1</sup>	Average rate on—		Dividends declared <sup>2</sup>	
			Dividend- paying stock <sup>1</sup>	All stock	On preferred stock	On common stock
	<i>Percent</i>	<i>Thousands</i>	<i>Percent</i>	<i>Percent</i>		
1936.....	36.20	\$231,733	6.45	2.33	\$27,559,427	\$142,269,863
1937.....	39.64	227,596	5.85	2.32	27,488,440	140,413,594
1938.....	32.07	136,270	4.34	1.39	13,643,634	69,088,932
1939.....	32.64	179,412	5.62	1.84	19,154,336	106,799,624
1940.....	38.29	216,522	5.79	2.22	23,540,218	135,774,682
1941.....	40.65	239,438	6.20	2.52	27,445,002	158,400,721
1942.....	56.37	254,088	4.74	2.67	34,422,097	167,848,035
1943.....	57.97	263,919	4.83	2.83	37,046,973	179,496,716
1944.....	58.46	292,248	5.29	3.09	54,577,117	191,401,095
1945.....	57.13	295,294	5.49	3.13	48,448,791	197,543,159
1946.....	55.50	283,171	5.42	3.01	58,649,278	175,932,458

<sup>1</sup> Includes figures for lessors and operating railways without excluding duplications on account of intercompany payments. Stock dividends for the last 11 years have been as follows: \$15,436,348 in 1936 and \$705,000 in 1943.

<sup>2</sup> By class I line-haul railways.

TABLE V.—*Reported property investment and selected income items, 1936-46: Line-haul railways and their lessor subsidiaries*

Year ended Dec. 31—	Investment <sup>1</sup>	Investment per mile of road	Depreciation reserve	Net railway operating income <sup>2</sup>	Other income <sup>3</sup>	Fixed charges and other deductions <sup>4</sup>	Net income
	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>
1936.....	\$ 25,432,388	\$106,783	\$2,809,063	\$675,600	\$182,821	\$693,479	\$221,591
1937.....	\$ 25,636,082	108,235	2,950,848	597,841	170,337	670,291	146,351
1938.....	\$ 25,595,739	108,871	3,044,972	376,865	150,566	654,023	87,468
1939.....	\$ 25,538,157	109,331	3,102,779	595,961	156,050	658,505	141,134
1940.....	\$ 25,646,014	110,449	3,095,237	690,554	163,385	662,848	243,148
1941.....	\$ 25,668,984	111,352	<sup>6</sup> 3,240,145	1,009,592	169,519	674,455	557,672
1942.....	\$ 25,838,351	113,364	<sup>6</sup> 3,561,570	1,499,364	175,296	764,055	992,843
1943.....	\$ 26,145,458	115,288	<sup>6</sup> 3,939,562	1,370,569	194,440	686,576	946,150
1944.....	\$ 26,631,654	117,771	<sup>6</sup> 4,382,604	1,113,153	202,827	647,064	733,461
1945.....	\$ 26,967,756	119,664	<sup>6</sup> 5,549,720	858,864	196,081	602,691	502,250
1946.....	\$ 27,277,974	121,074	<sup>6</sup> 5,800,975	624,868	197,105	533,941	334,966

<sup>1</sup> Includes investment of operating, lessor, and proprietary companies. Proprietary companies do not render annual reports to the Commission but information concerning them is given in reports of the operating companies.

<sup>2</sup> This term, as defined in the Interstate Commerce Act, means "railway operating income, including in the computation thereof debits and credits arising from equipment rents and joint facility rents."

<sup>3</sup> Includes amounts received as interest or dividends on railroad securities owned by reporting carriers. See Statistics of Railways, table 109. Figures represent classes I, II, and III line-haul railways.

<sup>4</sup> The interest included represents accruals, not payments. In 1946, the interest accrued on unmatured funded debt and long-term debt in default in excess of payments was \$47,684,820 for class I steam railways. Figures represent classes I, II, and III line-haul railways.

<sup>5</sup> Includes investment of lessor and proprietary companies, as follows, but excludes investment of proprietary companies in systems which file consolidated annual reports combining the mileage, investment, and other items on a net system basis.

Year	Lessor companies	Proprietary companies	Year	Lessor companies	Proprietary companies
	<i>Thousands</i>	<i>Thousands</i>		<i>Thousands</i>	<i>Thousands</i>
1936.....	\$4,690,072	\$861,696	1942.....	\$3,933,048	\$803,280
1937.....	4,174,633	848,173	1943.....	3,885,103	858,312
1938.....	4,105,320	840,033	1944.....	3,865,708	811,979
1939.....	4,104,416	853,848	1945.....	3,632,499	806,153
1940.....	4,093,043	809,391	1946.....	3,545,819	758,181
1941.....	4,000,275	818,060			

<sup>6</sup> Includes amortization of defense projects.

TABLE VI.—*Operating revenues, operating expenses, and taxes: Class I line-haul railways, 1936-46*

Year ended Dec. 31—	Operating revenues	Freight revenues	Passenger revenues	Operating expenses	Railway tax accruals <sup>1</sup>			Ratio of total operating expenses to total operating revenues
					U. S. Gov- ernment taxes	Other than U. S. Gov- ernment taxes	Total	
	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Thousands</i>	<i>Percent</i>
1936.....	\$4,052,734	\$3,302,894	\$412,144	\$2,931,425	\$94,008	\$228,384	\$322,392	72.33
1937.....	4,166,069	3,370,959	442,518	3,119,065	75,992	253,409	329,401	74.87
1938.....	3,565,491	2,852,112	405,598	2,722,199	77,423	265,771	343,194	76.35
1939.....	3,995,004	3,244,445	416,531	2,918,210	121,082	237,363	358,445	73.05
1940.....	4,296,601	3,528,782	416,897	3,089,417	183,546	215,179	398,725	71.90
1941.....	5,346,700	4,443,405	514,633	3,664,232	331,047	224,282	555,329	68.53
1942.....	7,465,823	5,944,344	1,028,186	4,601,083	955,352	248,404	1,203,756	61.63
1943.....	9,054,724	6,782,470	1,652,868	5,657,461	1,583,256	270,880	1,854,136	62.48
1944.....	9,436,790	6,998,606	1,790,305	6,282,063	1,564,118	285,791	1,849,909	66.57
1945.....	8,902,248	6,533,767	1,716,379	7,051,627	551,004	275,571	826,575	79.21
1946.....	7,627,651	5,786,556	1,259,169	6,357,415	243,831	256,159	499,990	83.35

<sup>1</sup> Includes lessor companies.



TABLE VII.—*Number and compensation of employees: Class I line-haul railways, 1936-46*

Year ended Dec. 31—	Average number of employees during year <sup>1</sup>	Total hours paid for	Compensation of railway employees <sup>2</sup>			
			Total	Average per hour	Ratio to revenues	Ratio to expenses
		<i>Thousands</i>	<i>Thousands</i>		<i>Percent</i>	<i>Percent</i>
1936	1,065,624	2,675,345	\$1,848,636	\$0.691	45.61	63.06
1937	1,114,663	2,799,539	1,985,447	.709	47.66	63.66
1938	939,171	2,329,606	1,746,141	.750	48.97	64.14
1939	987,675	2,488,635	1,863,334	.749	46.64	63.85
1940	1,026,848	2,615,905	1,964,125	.751	45.71	63.58
1941	1,139,925	2,989,788	2,331,650	.780	43.61	63.63
1942	1,270,687	3,440,957	2,932,070	.852	39.27	63.73
1943	1,355,114	3,816,420	3,520,926	.923	38.88	62.24
1944	1,414,776	3,996,873	3,857,957	.965	40.88	61.41
1945	1,419,505	3,979,637	3,862,001	.970	43.38	54.77
1946	1,359,263	3,632,338	4,170,767	1.148	54.68	65.60

<sup>1</sup> This is the average of 12 counts made at middle of month and differs from the number of persons receiving pay during the month or year regardless of whether for a long or short period.

<sup>2</sup> In 1946, \$3,975,752 (thousands) or 95.32 percent of the reported compensation, was chargeable to operating expenses.

TABLE VIII.—*Freight transportation service performed by line-haul railways, 1936-46*

Year ended Dec. 31—	Revenue tons originated	Revenue tons carried 1 mile	Loaded-car miles	Average haul		Average amount received for each ton originated	Revenue per ton-mile
				United States as a system	For the individual road		
	<i>Thousands</i>	<i>Millions</i>	<i>Millions</i>	<i>Miles</i>	<i>Miles</i>		<i>Cents</i>
1936	1,011,530	341,182	14,031	337.29	188.94	\$3.318	0.984
1937	1,075,237	362,815	14,702	337.43	188.14	3.189	.945
1938	819,733	291,866	12,266	356.05	196.87	3.539	.994
1939	954,924	335,375	13,639	351.21	193.91	3.453	.983
1940	1,069,045	375,369	14,777	351.13	192.75	3.353	.955
1941	1,295,860	477,576	18,172	368.54	198.59	3.480	.944
1942	1,498,477	640,992	21,536	427.76	217.55	4.022	.940
1943	1,556,558	730,132	23,284	469.07	231.23	4.411	.940
1944	1,564,780	740,586	24,186	473.28	234.62	4.529	.957
1945	1,493,314	684,148	22,669	458.14	230.21	4.431	.967
1946	1,431,936	594,943	20,340	415.48	217.54	4.097	.986

TABLE IX.—*Carload, trainload, and density of traffic: Class I line-haul railways, 1936-46*

Year ended Dec. 31—	Ton-miles revenue and nonrevenue freight per loaded freight-car mile	Revenue ton-miles per train-mile	Passenger-miles per car-mile	Passenger-miles per train-mile	Revenue ton-miles per mile of road	Passenger-miles per mile of road
1936	26.77	703	13	55	1,432,154	95,232
1937	27.07	724	13	59	1,530,667	105,377
1938	26.04	691	12	55	1,235,843	93,544
1939	26.86	743	13	58	1,427,115	98,559
1940	27.59	781	13	61	1,602,009	103,621
1941	28.41	845	15	73	2,044,237	128,413
1942	31.78	968	22	125	2,760,479	236,400
1943	33.29	1,050	31	190	3,168,749	389,839
1944	32.60	1,068	32	201	3,222,168	425,012
1945	32.18	1,058	30	191	2,979,597	408,333
1946	31.24	1,016	25	144	2,596,647	288,945

TABLE X.—*Passenger transportation service performed by line-haul railways, 1936-46*

Year ended Dec. 31—	Passen- gers carried	Passen- ger-miles	Average journey per pas- senger <sup>1</sup>	Average receipts per pas- senger	Revenue per passen- ger-mile
	<i>Millions</i>	<i>Millions</i>	<i>Miles</i>		<i>Cents</i>
1936.....	492	22,460	45.60	\$0.839	1.840
1937.....	500	24,695	49.42	.888	1.796
1938.....	455	21,657	47.65	.894	1.877
1939.....	454	22,713	50.02	.920	1.839
1940.....	456	23,816	52.22	.916	1.755
1941.....	489	29,406	60.18	1.056	1.754
1942.....	672	53,747	79.93	1.533	1.917
1943.....	888	87,925	99.05	1.865	1.883
1944.....	916	95,663	104.46	1.958	1.875
1945.....	897	91,826	102.33	1.916	1.872
1946.....	795	64,754	81.47	1.587	1.948

<sup>1</sup> This average is affected by the changing ratio of commutation traffic to the total traffic.

TABLE XI.—*Fuel consumed by steam locomotives, and rails and ties laid: Class I line-haul railways, 1936-46*

Year ended Dec. 31—	Bitumi- nous coal	Anthra- cite coal	Fuel oil		Total fuel <sup>1</sup>	Rails ap- plied in- replace- ment and better- ment (all tracks)	Ties laid in previously constructed tracks	
							Cross ties	Switch and bridge ties
	<i>Net tons</i>	<i>Net tons</i>	<i>Thousands of gallons</i>	<i>Equivalent tons</i>	<i>Net tons</i>	<i>Long tons</i>	<i>Number</i>	<i>Feet (b. m.)</i>
1936.....	81,129,740	484,537	2,353,484	15,106,820	96,755,785	1,701,350	47,361,015	167,377,828
1937.....	82,666,673	473,286	2,581,441	16,561,713	99,732,944	1,974,597	47,729,538	159,429,849
1938.....	68,793,756	432,683	2,240,299	14,402,304	83,664,267	1,202,943	41,363,224	141,887,780
1939.....	73,935,025	719,200	2,334,571	15,020,974	89,718,757	1,719,306	45,088,278	147,044,571
1940.....	79,628,318	285,653	2,502,868	16,118,796	96,066,679	1,911,513	43,620,653	145,553,116
1941.....	91,655,061	432,080	3,025,461	19,497,035	111,616,334	2,228,822	47,224,593	144,599,723
1942.....	109,618,324	263,371	3,905,096	25,128,332	135,037,207	2,250,280	48,616,228	136,944,189
1943.....	122,593,389	280,958	4,433,419	28,511,597	151,411,739	2,409,989	45,439,512	124,097,473
1944.....	122,653,989	197,232	4,511,002	29,048,228	151,928,340	2,878,068	48,032,634	137,780,487
1945.....	115,153,596	138,920	4,413,072	28,482,014	143,806,437	2,955,736	43,912,213	130,520,278
1946.....	100,485,542	145,352	3,869,371	24,904,520	125,567,755	2,302,099	37,562,383	106,204,525

<sup>1</sup> In the statement of consumption of fuel by locomotives, 1 cord of hardwood is considered as equivalent to  $\frac{3}{4}$  of a ton of fuel and 1 cord of softwood as equivalent to  $\frac{1}{2}$  of a ton of fuel. The ratio used in reducing fuel oil to equivalent tons of fuel is left to the experience of each road. Figures include data for cordwood, also a small amount of miscellaneous fuel. Does not include equivalent tons for fuel consumed by motive power units, other than steam locomotives, which in 1946 amounted to 17,407,713.

TABLE XII.—Selected data from annual reports of class I line-haul railways, 1946 and 1945, by districts

Item	All districts		Eastern district	
	Year ended Dec. 31—			
	1946	1945	1946	1945
Railway operating revenues (thousands).....	\$7,627,651	\$8,902,248	\$3,029,150	\$3,355,902
Railway operating expenses:				
Total (thousands).....	\$6,357,415	\$7,051,627	\$2,658,284	\$2,836,908
Maintenance of way and structures (thousands).....	\$1,150,241	\$1,411,304	\$426,541	\$501,045
Maintenance of equipment (thousands).....	\$1,468,758	\$2,147,406	\$629,054	\$839,516
Transportation—rail line (thousands).....	\$3,212,292	\$3,015,555	\$1,401,384	\$1,313,948
Net railway operating income (thousands).....	\$620,120	\$852,147	\$147,010	\$288,739
Freight-service statistics:				
Freight revenue (thousands).....	\$5,786,556	\$6,533,767	\$2,228,798	\$2,404,531
Revenue tons originated (thousands).....	1,366,617	1,424,913	553,220	571,235
Total revenue tons carried (thousands).....	2,602,186	2,823,992	1,252,985	1,356,295
Revenue tons carried 1 mile (thousands).....	501,982,472	681,000,757	215,387,993	245,507,658
Revenue per ton-mile (cents).....	0.978	0.959	1.036	0.979
Revenue ton-miles per mile of road.....	2,596,647	2,979,597	3,835,313	4,373,902
Freight train-miles (thousands).....	590,413	652,250	190,857	210,293
Revenue ton-miles per train-mile.....	1,016	1,058	1,147	1,188
Loaded car-miles (thousands).....	20,249,139	22,575,076	7,060,991	7,731,018
Empty car-miles (thousands).....	9,962,515	11,080,455	3,532,253	3,920,421
Ton-miles revenue and nonrevenue freight per loaded car-mile.....	31.24	32.18	32.19	33.47
Average haul per road (miles).....	227.49	241.15	171.90	181.01
Passenger-service statistics:				
Passenger revenue (thousands).....	\$1,259,169	\$1,716,379	\$578,938	\$704,242
Passengers carried (thousands).....	790,130	891,128	562,698	606,960
Passenger-miles (thousands).....	64,673,453	91,717,226	28,755,140	36,366,489
Revenue per passenger-mile (cents).....	1.95	1.87	2.01	1.94
Passenger-miles per mile of road.....	288,945	408,333	535,827	678,378
Average journey per passenger (miles).....	81.85	102.92	51.10	59.92
Passenger-miles per train-mile.....	144	191	159	190
Item	Southern district		Western district	
	Year ended Dec. 31—			
	1946	1945	1946	1945
Railway operating revenues (thousands).....	\$1,435,553	\$1,639,384	\$3,162,948	\$3,906,962
Railway operating expenses:				
Total (thousands).....	\$1,149,019	\$1,278,643	\$2,550,112	\$2,936,076
Maintenance of way and structures (thousands).....	\$231,297	\$256,712	\$492,403	\$653,546
Maintenance of equipment (thousands).....	\$269,436	\$428,629	\$570,268	\$879,261
Transportation—rail line (thousands).....	\$554,425	\$506,555	\$1,256,483	\$1,195,052
Net railway operating income (thousands).....	\$155,050	\$171,031	\$318,060	\$392,377
Freight-service statistics:				
Freight revenue (thousands).....	\$1,147,734	\$1,229,032	\$2,410,024	\$2,900,204
Revenue tons originated (thousands).....	340,656	340,419	472,741	513,259
Total revenue tons carried (thousands).....	557,690	586,146	791,511	881,551
Revenue tons carried 1 mile (thousands).....	130,445,991	140,234,828	246,148,488	295,258,271
Revenue per ton-mile (cents).....	0.880	0.876	0.979	0.982
Revenue ton-miles per mile of road.....	3,014,141	3,234,870	1,915,796	2,288,462
Freight train-miles (thousands).....	129,228	137,699	270,328	304,258
Revenue ton-miles per train-mile.....	1,022	1,031	920	981
Loaded car-miles (thousands).....	4,016,817	4,244,216	9,171,331	10,599,842
Empty car-miles (thousands).....	2,091,353	2,283,402	4,338,909	4,876,632
Ton-miles revenue and nonrevenue freight per loaded car-mile.....	34.61	35.14	29.03	30.05
Average haul per road (miles).....	233.90	239.25	310.99	334.93
Passenger-service statistics:				
Passenger revenue (thousands).....	\$203,991	\$314,384	\$476,240	\$697,753
Passengers carried (thousands).....	101,568	125,133	125,864	159,035
Passenger-miles (thousands).....	10,066,921	15,790,153	25,851,392	39,560,584
Revenue per passenger-mile (cents).....	2.03	1.99	1.84	1.76
Passenger-miles per mile of road.....	234,824	364,240	203,089	309,902
Average journey per passenger (miles).....	99.12	126.19	205.39	248.75
Passenger-miles per train-mile.....	137	189	133	191



## B. Statistics From Monthly and Other Periodical Reports of Carriers

TABLE A.—*Analysis of operating revenues, expenses, and income, class I steam railways, excluding switching and terminal companies, 1947-46*

Item	9 months, January to September, inclusive		Calendar year
	1947	1946	1946
Operating revenues:			
Freight.....	\$5, 122, 386, 976	\$4, 202, 225, 274	\$5, 786, 556, 712
Passenger.....	725, 190, 317	991, 596, 636	1, 259, 168, 736
Mail.....	99, 879, 939	92, 889, 166	129, 000, 744
Express.....	84, 563, 635	64, 862, 132	92, 762, 482
All other.....	294, 830, 480	269, 632, 201	360, 161, 848
Total.....	6, 326, 851, 347	5, 621, 205, 409	7, 627, 650, 522
Percent of total:			
Freight.....	80. 96	74. 76	75. 86
Passenger.....	11. 46	17. 64	16. 51
Mail.....	1. 58	1. 65	1. 69
Express.....	1. 34	1. 15	1. 22
All other.....	4. 66	4. 80	4. 72
Operating expenses:			
Maintenance of way and structures.....	\$893, 010, 635	\$865, 568, 232	\$1, 150, 241, 472
Maintenance of equipment.....	1, 145, 152, 502	1, 092, 091, 464	1, 468, 758, 088
Traffic.....	129, 303, 980	122, 999, 208	164, 748, 956
Transportation.....	2, 515, 237, 190	2, 361, 904, 420	3, 212, 291, 689
General.....	179, 102, 340	173, 440, 188	232, 055, 083
All other.....	95, 669, 240	96, 152, 645	129, 319, 890
Total.....	4, 957, 475, 887	4, 712, 156, 157	6, 357, 415, 178
Percent of total:			
Maintenance of way and structures.....	18. 01	18. 37	18. 09
Maintenance of equipment.....	23. 10	23. 18	23. 10
Traffic.....	2. 61	2. 61	2. 59
Transportation.....	50. 74	50. 12	50. 53
General.....	3. 61	3. 68	3. 65
All other.....	1. 93	2. 04	2. 04
Railway tax accruals.....	\$686, 885, 759	\$428, 881, 565	\$498, 175, 925
Equipment rents—debit.....	93, 657, 301	83, 859, 720	113, 332, 106
Joint facility rents—debit.....	30, 722, 273	28, 999, 498	38, 576, 806
Net railway operating income.....	558, 110, 127	367, 308, 469	620, 150, 507
Other income.....	143, 194, 969	136, 549, 621	209, 317, 952
Interest, rents, and other deductions.....	386, 024, 799	398, 476, 704	540, 933, 992
Net income.....	315, 280, 297	105, 381, 386	288, 534, 467

TABLE B.—*Selected operating averages in freight and passenger service of class I steam railways in the United States, 1947-46*

Item	8 months, January to August inclusive		Calendar year
	1947	1946	1946
Average miles of road operated, freight service.....	225, 739	226, 258	226, 406
Average miles of road operated, passenger service.....	160, 745	161, 282	161, 315
Net ton-miles per mile of road per day.....	8, 309	7, 416	7, 655
Percent of freight locomotives unserviceable.....	16. 4	16. 5	16. 7
Percent of freight cars unserviceable.....	4. 0	4. 1	4. 0
Percent of loaded of total car-miles.....	66. 3	66. 5	67. 0
Percent east-bound or north-bound of loaded car-miles.....	57. 2	57. 2	57. 0
Car-miles per car-day.....	45. 1	41. 7	42. 4
Net ton-miles per car-day.....	975	860	889
Net ton-miles per loaded car-mile.....	32. 6	31. 0	31. 3
Car-miles per train-mile.....	52. 6	51. 7	51. 8
Gross ton-miles per train-mile (excluding locomotives and tenders).....	2, 418	2, 322	2, 343
Net ton-miles per train-mile (including nonrevenue tons).....	1, 138	1, 067	1, 086
Average miles per hour, trains in freight service.....	16. 1	16. 1	16. 0
Pounds of coal per 1,000 gross ton-miles (including locomotives and tenders).....	123	124	124
Average cost of coal per ton (including freight charges).....	\$4. 13	\$3. 73	\$3. 81
Revenue per ton-mile.....	\$0. 01061	\$0. 00970	\$0. 00978
Average haul per revenue ton per railroad.....	226. 2	227. 9	225. 9
Number of freight-train miles.....	406, 210, 709	387, 312, 638	590, 687, 151
Number of passenger-train miles.....	276, 863, 560	303, 807, 499	448, 334, 899
Number of passenger-train car-miles.....	2, 498, 915, 878	2, 920, 328, 947	4, 266, 100, 081
Passenger-train cars per train.....	9. 03	9. 61	9. 52
Revenue per passenger per mile:			
Including commutation passengers.....	\$0. 0206	\$0. 0193	\$0. 0195
Excluding commutation passengers.....	\$0. 0220	\$0. 0200	\$0. 0203

TABLE C.—*Average number of employees and total, compensation, by groups of employees, class I steam railways, excluding switching and terminal companies, 1947-46.*

Groups of employees	Calendar year 1946		8 months, January to August, inclusive	
	Average number of employees middle of month	Total compensation	Average number of employees middle of month	
			1947	1946
I. Executives, officials, and staff assistants.....	15, 025	\$104, 718, 211	15, 152	15, 033
II. Professional, clerical, and general.....	226, 166	672, 221, 463	224, 600	226, 665
III. Maintenance of way and structures.....	265, 685	609, 782, 920	264, 821	264, 354
IV. Maintenance of equipment and stores.....	371, 150	1, 104, 229, 042	371, 351	371, 292
V. Transportation (other than train, engine, and yard).....	176, 186	489, 286, 223	171, 870	174, 915
VI. (a) Transportation (yardmaster, switch tenders, and hostlers).....	17, 225	67, 403, 904	17, 172	17, 268
VI. (b). Transportation (train and engine service).....	287, 401	1, 122, 522, 027	289, 037	284, 468
All employees.....	1, 358, 838	4, 170, 163, 790	1, 354, 003	1, 353, 995

TABLE D.—*Carloads and tons of revenue freight originated and freight revenue, by commodities calendar year 1946, class 1 steam railways*

Commodity groups	Number of carloads	Number of tons (2,000 pounds)	Freight revenue
<b>Products of agriculture:</b>			
Wheat.....	695, 219	35, 909, 863	153, 440, 024
Corn.....	346, 009	16, 738, 347	67, 527, 203
Flour, wheat.....	340, 765	12, 281, 842	59, 232, 776
Mill products n. o. s.....	490, 038	15, 191, 836	59, 497, 359
Cotton in bales.....	227, 370	4, 077, 393	35, 501, 266
Oranges and grapefruit.....	151, 979	3, 486, 675	69, 711, 299
Potatoes other than sweet.....	300, 519	6, 562, 851	74, 004, 941
Vegetables, fresh n. o. s.....	211, 013	2, 748, 704	75, 010, 354
All other.....	1, 830, 041	52, 943, 349	362, 185, 476
<b>Total.....</b>	<b>4, 592, 953</b>	<b>149, 940, 860</b>	<b>956, 110, 698</b>
<b>Animals and products:</b>			
Livestock <sup>1</sup> .....	910, 908	10, 230, 749	101, 440, 630
Fresh meats n. o. s.....	233, 129	3, 372, 252	56, 242, 939
Meats, cured, dried, and smoked.....	39, 084	912, 460	11, 736, 730
Packing-house products (edible) n. o. s. <sup>2</sup> .....	38, 050	820, 002	10, 620, 663
Butter.....	18, 800	319, 709	6, 114, 886
Hides, green.....	33, 586	912, 691	10, 004, 382
All other.....	244, 908	5, 019, 527	67, 363, 545
<b>Total.....</b>	<b>1, 518, 465</b>	<b>21, 587, 390</b>	<b>263, 423, 775</b>
<b>Products of mines:</b>			
Anthracite coal.....	1, 282, 473	73, 967, 261	122, 483, 876
Bituminous coal.....	6, 604, 508	375, 200, 931	850, 935, 013
Coke.....	516, 405	18, 476, 185	37, 660, 128
Iron ore.....	1, 203, 928	72, 934, 881	95, 693, 741
Gravel and sand (other than glass or molding).....	961, 206	55, 676, 762	48, 541, 367
Stone, broken, ground, or crushed.....	501, 480	28, 766, 583	26, 660, 529
All other.....	1, 830, 416	92, 783, 190	250, 746, 203
<b>Total.....</b>	<b>12, 900, 416</b>	<b>717, 805, 793</b>	<b>1, 432, 720, 857</b>
<b>Products of forests:</b>			
Logs.....	417, 157	15, 143, 143	12, 464, 182
Posts, poles, and piling.....	156, 041	4, 414, 925	24, 156, 910
Pulpwood.....	543, 894	21, 532, 417	30, 203, 318
Lumber, shingles, and lath.....	934, 355	31, 993, 977	250, 998, 851
All other.....	409, 888	11, 731, 967	63, 608, 031
<b>Total.....</b>	<b>2, 461, 335</b>	<b>84, 816, 429</b>	<b>381, 431, 292</b>
<b>Manufactures and miscellaneous:</b>			
Petroleum oils, refined, and all other gasoline.....	1, 036, 517	29, 328, 116	130, 048, 773
Fuel, road, and petroleum residual oils, n. o. s.....	415, 949	13, 544, 741	55, 210, 341
Sugar (beet and cane).....	99, 981	4, 206, 909	27, 334, 668
Iron and steel pipe and fittings, n. o. s.....	172, 983	5, 524, 530	60, 883, 736
Iron and steel rated 5th class, n. o. s.; also tin and terneplate.....	908, 656	35, 090, 079	209, 937, 878
Cement, natural and portland (building).....	585, 157	25, 121, 241	78, 678, 800
Automobiles (passenger).....	230, 022	1, 553, 129	53, 780, 086
Automobiles and auto trucks, K. D. and parts n. o. s.....	222, 450	4, 180, 465	53, 524, 090
Beverages.....	247, 177	6, 932, 369	78, 260, 816
Fertilizers, n. o. s.....	511, 098	21, 699, 965	77, 828, 045
Canned food products, n. o. s.....	408, 884	13, 240, 460	144, 982, 925
Scrap iron and steel.....	355, 310	14, 747, 775	39, 724, 382
All other.....	7, 262, 920	192, 909, 661	1, 588, 000, 744
<b>Total.....</b>	<b>12, 457, 104</b>	<b>368, 079, 440</b>	<b>2, 598, 195, 284</b>
<b>Grand total, carload traffic.....</b>	<b>33, 930, 273</b>	<b>1, 342, 229, 912</b>	<b>5, 631, 981, 906</b>
<b>All l. c. l. freight.....</b>		<b>24, 386, 724</b>	<b>479, 837, 957</b>
<b>Grand total, carload and l. c. l. traffic.....</b>		<b>1, 366, 616, 636</b>	<b>6, 111, 819, 863</b>

<sup>1</sup> Horses, mules, ponies, asses, cattle and calves, sheep, goats, and hogs.<sup>2</sup> Not including canned meats.



TABLE E.—*Summary of casualties to persons on steam railways in the United States for the years ended Dec. 31, 1946, 1945, 1944, 1943 and 1942*

Class of persons	Number of persons									
	Killed					Injured				
	1946	1945	1944	1943	1942	1946	1945	1944	1943	1942
1. Trespassers.....	1,506	1,497	1,445	1,667	1,925	978	1,003	959	1,126	1,348
2. Employees:										
Trainmen on duty.....	359	474	545	505	534	17,052	21,392	20,951	18,975	14,323
Other employees.....	235	326	353	376	312	2,426	3,323	3,255	3,098	2,112
Total employees.....	594	800	898	881	846	19,478	24,715	24,206	22,073	16,435
3. Passengers on trains.....	103	132	239	253	91	4,618	4,722	4,698	5,031	3,395
4. Travelers not on trains.....	13	10	10	9	19	86	95	138	113	97
5. Persons carried under contract.....	9	12	8	11	16	276	378	395	411	312
6. Other nontrespassers.....	1,942	2,014	1,928	1,861	2,106	4,850	4,856	4,703	4,814	5,240
Total, train and train-service accidents (1 to 6).....	4,167	4,465	4,528	4,682	5,003	30,286	35,769	35,099	33,568	26,827
7. Casualties in nontrain accidents.....	195	226	253	260	230	21,721	25,712	26,128	26,749	21,281
Total, 1 to 7.....	4,362	4,691	4,781	4,942	5,233	52,007	61,481	61,227	60,317	48,108
8. Casualties at grade crossings <sup>1</sup> .....	1,851	1,903	1,840	1,732	1,970	4,397	4,446	4,216	4,217	4,616
9. Casualties excluded from all totals <sup>2</sup> ..	146	121	127	109	104	19	34	24	31	15

<sup>1</sup> Included in total for items 1 to 6, and distributed under various heads, chiefly item 6.

<sup>2</sup> Figures relate to suicides, persons mentally deranged, and persons attempting to escape custody.

TABLE F.—Revenues, expenses, and income of class I motor carriers <sup>1</sup> of property for the calendar year 1946, compared with those of the same carriers for 1945 <sup>2</sup>

Item	Total carriers reported	
	1946	1945
<i>Intercity carriers</i>		
Number of carriers represented.....	1, 408	1, 408
Revenues:		
Freight revenue—Intercity—Common carrier.....	\$796, 033, 277	\$673, 859, 081
Freight revenue—Intercity—Contract carrier.....	56, 183, 607	50, 575, 363
Freight revenue—Local service.....	12, 097, 220	11, 161, 363
Other operating revenue.....	6, 799, 544	4, 930, 080
Total operating revenues.....	871, 113, 648	740, 525, 887
Expenses:		
Equipment maintenance and garage expense.....	131, 627, 134	129, 821, 061
Transportation expense.....	210, 102, 002	187, 787, 032
Terminal expense.....	172, 496, 898	137, 580, 621
Sales, tariff, and advertising expense.....	21, 696, 712	18, 482, 048
Insurance and safety expense.....	49, 853, 437	42, 716, 445
Administrative and general expense.....	73, 124, 355	68, 346, 156
Total operation and maintenance expenses.....	658, 900, 538	584, 733, 363
Depreciation expense.....	31, 138, 080	28, 066, 865
Amortization chargeable to operations.....	172, 603	159, 389
Operating taxes and licenses.....	53, 860, 031	49, 840, 382
Operating rents—net.....	95, 351, 484	76, 032, 906
Total expenses.....	839, 422, 736	738, 832, 905
Operating ratio (percent).....	96. 4	99. 8
Net operating revenue.....	\$31, 690, 912	\$1, 692, 982
Other income.....	4, 780, 097	5, 692, 812
Other deductions.....	6, 081, 992	4, 946, 198
Net income before income taxes.....	30, 389, 017	2, 439, 596
Net income after income taxes.....	21, 654, 689	<sup>3</sup> 2, 355, 440
<i>Local carriers</i>		
Number of carriers represented.....	483	483
Total operating revenues.....	\$204, 973, 411	\$181, 390, 931
Total expenses.....	195, 365, 459	175, 131, 738
Operating ratio (percent).....	95. 3	96. 5
Net operating revenue.....	\$9, 607, 952	\$6, 259, 193
Other income.....	10, 018, 475	9, 839, 059
Other deductions.....	2, 083, 431	2, 087, 385
Net income before income taxes.....	17, 542, 996	14, 010, 867
Net income after income taxes.....	12, 771, 473	8, 544, 616

<sup>1</sup> Class I motor carriers are those having average gross operating revenues of \$100,000 or over annually. Smaller carriers are not required to file reports of their revenues and expenses.

<sup>2</sup> This table does not include the reports of 155 carriers that failed to furnish comparable figures for 1945. The total figures for these 155 carriers amounted to the following for the 12 months' period: Operating revenues, \$37,873,798; operation and maintenance expenses, \$29,530,874; other expenses, \$7,007,126; total expenses, \$36,538,000; net operating revenue, \$1,335,798; net income before income taxes, \$2,331,166; net income after income taxes, \$1,768,921.

<sup>3</sup> Deficit.

TABLE G.—Revenues, expenses, and income of class I motor carriers<sup>1</sup> of passengers for the calendar year 1946 compared with those of the same carriers for 1945

Item	Total carriers reported	
	1946	1945
<i>Intercity carriers</i>		
Number of carriers represented.....	266	266
Operating revenues:		
Passenger revenue—Intercity schedules.....	\$382, 707, 295	\$384, 626, 473
Passenger revenue—Local and suburban schedules.....	16, 281, 924	18, 486, 184
Passenger revenue—Charter or special service.....	8, 129, 270	6, 860, 210
Other operating revenue.....	10, 981, 883	9, 657, 360
Total operating revenues.....	418, 100, 372	419, 630, 227
Operating expenses:		
Equipment maintenance and garage expense.....	79, 156, 279	67, 990, 450
Transportation expense.....	102, 653, 567	89, 951, 981
Station expense.....	37, 810, 295	34, 838, 042
Traffic, solicitation, and advertising expense.....	10, 944, 404	8, 846, 620
Insurance and safety expense.....	15, 558, 500	13, 580, 613
Administrative and general expense.....	27, 089, 821	24, 469, 227
Total operation and maintenance expense.....	273, 212, 866	239, 676, 933
Depreciation expense.....	19, 187, 558	18, 879, 946
Amortization chargeable to operation.....	119, 586	121, 659
Operating taxes and licenses.....	31, 697, 338	30, 017, 418
Operating rents—net.....	6, 957, 048	7, 255, 601
Total expenses.....	331, 174, 396	295, 951, 557
Operating ratio (percent).....	79. 2	70. 5
Net operating revenue.....	\$86, 925, 976	\$123, 678, 670
Other income.....	3, 560, 057	2, 163, 266
Other deductions.....	2, 546, 051	4, 776, 395
Net income before income taxes.....	87, 939, 982	121, 065, 541
Net income after income taxes.....	54, 140, 324	36, 666, 239
<i>Local carriers</i>		
Number of carriers represented.....	87	87
Total operating revenues.....	83, 065, 837	78, 696, 495
Total expenses.....	69, 994, 552	64, 337, 458
Operating ratio (percent).....	84. 3	81. 8
Net operating revenue.....	\$13, 071, 285	\$14, 359, 037
Other income.....	1, 143, 761	977, 179
Other deductions.....	1, 517, 845	1, 779, 895
Net income before income taxes.....	12, 697, 201	13, 556, 321
Net income after income taxes.....	7, 999, 211	5, 302, 652

<sup>1</sup> Class I motor carriers are those having annual gross operating revenues of \$100,000 or over.



TABLE H.—*Revenues, expenses, and statistics of freight forwarders for the years 1946 and 1945*<sup>1</sup>

Item	Total carriers reported	
	1946	1945
Number of forwarders represented.....	49	49
Operating revenues:		
Transportation revenues.....	\$198,498,304	\$167,934,512
Transportation purchased—dr.:		
Railroad transportation.....	109,979,802	92,282,120
Motor transportation.....	20,129,839	17,350,865
Water transportation.....	284,629	186,675
Pick-up, delivery, and transfer service.....	23,141,177	20,245,042
Other transportation purchased.....	503,248	1,025,831
Total transportation purchased.....	154,038,695	131,090,533
Forwarder revenue from transportation.....	44,459,609	36,843,979
Incidental revenues.....	867,475	556,062
Total operating revenues.....	45,327,084	37,400,041
Operating expenses:		
Salaries, wages, and expenses of employees.....	25,740,920	23,019,363
Paid to others for services rendered.....	7,612,552	6,173,288
Operating rents.....	1,329,801	1,258,226
Communication and postage.....	1,659,288	1,577,489
Pay-roll taxes.....	1,029,728	903,205
All other operating expense.....	4,208,936	3,785,515
Total operating expenses.....	41,581,225	36,717,086
Income items:		
Revenue from forwarder operations.....	3,745,859	682,955
Transportation tax accruals.....	105,133	99,505
Revenues, less taxes, from forwarder operations.....	3,640,726	583,450
Other income.....	675,110	269,885
Total income.....	4,315,836	853,335
Miscellaneous deductions from income.....	580,379	179,668
Net income before fixed charges and income taxes.....	3,735,457	673,667
Fixed charges:		
Interest on long-term debt.....	3,753	4,306
Other fixed charges.....	34,922	59,801
Total fixed charges.....	38,675	64,107
Net income before provisions for income taxes.....	3,696,782	609,560
Provisions for income taxes.....	1,364,225	404,170
Net income.....	2,332,557	205,390
Statistics:		
Tons of freight received from shippers.....	4,546,257	4,092,414
Number of shipments received from shippers.....	19,205,954	16,530,806

<sup>1</sup> Confined to forwarders having gross revenues of \$100,000 or more per annum.

TABLE I.—*Selected statistics of private car owners,<sup>1</sup> year 1946*

Item	Refrigerator cars	Tank cars		Other cars <sup>2</sup>	Total
		Petroleum	Other		
Cars owned at close of year.....	114, 755	118, 338	10, 966	13, 664	257, 723
Serviceable cars.....	108, 966	115, 480	10, 490	13, 416	248, 352
Unserviceable cars.....	5, 789	2, 858	476	248	9, 371
Miles made by owned cars (thousands):					
Loaded.....	2, 359, 593	935, 780	63, 524	45, 789	3, 404, 686
Empty.....	1, 519, 227	950, 674	63, 439	45, 862	2, 579, 202
Not separable.....	184, 846	66, 481	18, 925	58, 044	328, 296
Total.....	4, 063, 666	1, 952, 935	145, 888	149, 695	6, 312, 184
Revenue receivable, on—(thousands):					
Car mileage basis.....	90, 276	29, 142	2, 244	1, 982	123, 644
Car rental basis.....	452	5, 002	240	1, 734	7, 428
Other car service basis.....	422	32	84	-----	538
Total.....	91, 150	34, 176	2, 568	3, 716	131, 610

<sup>1</sup> Confined to owners of 10 or more cars. Compiled from reports of 242 owners.<sup>2</sup> Includes such cars as stock, gondola, hopper, air dump, box, cradle, flat, vat, et cetera.TABLE J.—*Selected financial and operating data of oil pipe-line companies, 1946, 1945, and 1944*

Item	1946	1945	1944
Miles of line operated:			
Gathering lines.....	44, 862	43, 994	43, 276
Trunk lines.....	71, 682	69, 357	68, 339
Investment in carrier property.....	\$1, 106, 453, 978	\$1, 042, 522, 828	\$1, 000, 741, 256
Capital stock <sup>1</sup> .....	\$240, 148, 818	\$253, 782, 318	\$243, 377, 123
Funded debt unmaturred <sup>1</sup> .....	\$57, 659, 257	\$47, 430, 525	\$39, 250, 628
Accrued depreciation—carrier property.....	\$622, 276, 289	\$592, 339, 272	\$549, 229, 607
Operating revenues.....	\$293, 722, 598	\$304, 268, 132	\$310, 194, 453
Operating expenses.....	\$183, 869, 101	\$191, 667, 755	\$172, 367, 510
Pipe-line taxes:			
U. S. Government taxes.....	\$43, 292, 770	\$35, 729, 646	\$60, 794, 752
Other than U. S. Government taxes.....	\$10, 075, 527	\$9, 743, 325	\$9, 192, 475
Pipe-line operating income.....	\$56, 485, 200	\$67, 127, 406	\$67, 839, 716
Net income.....	\$56, 094, 398	\$65, 940, 663	\$65, 715, 492
Dividend appropriations <sup>1</sup> .....	\$35, 341, 092	\$18, 853, 148	\$22, 018, 752
Number of barrels of oil received into system.....	2, 272, 225, 935	2, 379, 243, 526	2, 398, 086, 795
Number of barrel-miles (trunk lines):			
Crude oil (thousands).....	428, 843, 173	429, 942, 740	437, 679, 901
Refined oils (thousands).....	58, 752, 072	65, 360, 294	70, 916, 543
Total employees:			
Average number.....	25, 807	23, 752	23, 497
Compensation.....	\$84, 446, 256	\$76, 247, 587	\$73, 563, 475

<sup>1</sup> Excludes data for 12 companies in 1946, 15 companies in 1945, and 18 companies in 1944, as the annual reports filed by these companies relate to pipe-line departments of large oil companies or which are agencies of the Reconstruction Finance Corporation in 1945 or the Defense Supplies Corporation in 1944, and these items are not segregated for the pipe-line departments.

TABLE K.—*Revenues and traffic of carriers by water, 1946 and 1945*<sup>1</sup>

Item	1946	1945
Freight revenues.....	\$90,788,649	\$64,833,322
Number of tons of revenue freight carried.....	53,207,114	52,664,852
Passenger revenue.....	\$13,348,813	\$12,948,827
Number of revenue passengers carried.....	12,172,484	13,717,841

<sup>1</sup> Compiled from quarterly reports of 112 carriers of classes A and B.TABLE L.—*Selected financial and operating data of electric railways, 1946, 1945 and 1944*

Item	1946	1945	1944
Miles of road operated.....	2,899	3,026	3,121
Investment in road and equipment.....	\$279,736,586	\$287,209,167	\$291,233,628
Capital stock.....	\$95,732,677	\$117,628,821	\$119,957,582
Unmatured funded debt.....	\$43,507,355	\$64,175,401	\$70,541,738
Accrued depreciation—road and equipment.....	\$47,135,717	\$45,834,913	\$42,817,570
Railway operating revenues:			
Freight revenue.....	\$29,782,475	\$33,648,969	\$36,488,854
Passenger revenue.....	\$41,554,189	\$45,975,367	\$46,766,936
All other revenues.....	\$7,571,638	\$7,749,494	\$7,847,702
Total railway operating revenues.....	\$78,908,302	\$87,373,830	\$91,103,492
Total railway operating expenses.....	\$72,859,369	\$73,697,048	\$69,823,012
Taxes assignable to railway operations:			
Other than U. S. Government taxes.....	\$2,262,529	\$2,484,927	\$2,656,396
U. S. Government taxes.....	\$1,136,262	\$4,103,679	\$8,197,111
Operating income.....	\$3,042,580	\$7,299,184	\$10,575,276
Net income.....	\$150,891	\$1,922,917	\$4,326,481
Dividends declared.....	\$2,625,252	\$1,788,529	\$2,088,103
Employees:			
Average number.....	16,250	16,809	16,646
Compensation.....	\$44,527,897	\$40,732,966	\$40,042,967



## APPENDIX D

### AUTHORIZATIONS UNDER VARIOUS SECTIONS OF THE INTERSTATE COMMERCE AND TRANSPORTATION ACTS

*Certificates of convenience and necessity for construction of lines of railroad under  
section 1 (18) of the Interstate Commerce Act, as amended*

Name of applicant	Location of line	Miles
Atlantic Coast Line R. Co.....	Palm Beach County, Fla.....	16. 000
Chesapeake & O. Ry. Co.....	Floyd, Knott, and Letcher Counties, Ky.....	22. 500
Chicago G. W. Ry. Co.....	De Kalb County, Ill.....	. 988
Chicago I. & L. Ry. Co.....	Lake County, Ind.....	6. 710
Duluth, M. & I. R. Ry. Co.....	Lake County, Minn.....	28. 600
Louisville & N. R. Co.....	Letcher County, Ky.....	16. 410
New York Central R. Co.....	Nicholas County, W. Va.....	14. 000
New York Central R. Co. and Cleveland, C. C. & St. L. Ry. Co.....	Saline and Williamson Counties, Ill.....	2. 520
Norfolk & W. Ry. Co.....	Mercer and McDowell Counties, W. Va.....	5. 170
Pennsylvania R. Co.....	Indiana County, Pa.....	. 104
Petaluma & S. R. R. Co.....	Sonoma County, Calif.....	. 218
Reading Co.....	Schuylkill County, Pa.....	2. 500
Sacramento N. Ry.....	Butte County, Calif.....	. 112
Terminal R. A. of St. L. and Madison, I. & St. L. R. Co.....	St. Clair and Madison Counties, Ill.....	. 540
Texas & Pac. Ry. Co.....	Evangeline and St. Landry Parishes, La.....	15. 000
Virginian Ry. Co.....	Raleigh County, W. Va.....	2. 000
Total number of miles.....		133. 372

	<i>Miles</i>
20 applications filed involving.....	335, 352
16 certificates issued authorizing construction of.....	133, 372
2 applications denied involving.....	14, 000
3 applications dismissed involving.....	25, 000
Authorized since effective date of act.....	10, 593
Portion thereof actually constructed.....	7, 528
Portion thereof deferred or abandoned.....	2, 882
Portion in which time for construction has not expired.....	183

*Certificates of convenience and necessity for abandonment of lines of railroad or the  
operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as  
amended*

Name of applicant	Location of line	Miles
American National Red Cross (Rochester, H. & L. R.).....	Alleghany and Steuben Counties, N. Y.....	9. 310
Aransas H. T. Ry.....	San Patricio and Nueces Counties, Tex.....	6. 500
Arizona E. R. Co. and Southern Pac. Co.....	Gila County, Ariz.....	1. 218
Atchison, T. & S. F. Ry. Co.....	Fremont County, Colo.....	11. 210
Do.....	do.....	4. 520
Do.....	Chase County, Kans.....	3. 250
Central R. Co. of New Jersey trustee.....	Morris County, N. J.....	3. 060
Do.....	Monmouth County, N. J.....	1. 003
Chicago & N. W. Ry. Co.....	Langlade, Oneida, and Lincoln Counties, Wis.....	6. 178
Chicago G. W. Ry. Co.....	De Kalb County, Ill.....	3. 854
Chicago, I. & L. Ry. Co.....	Lake County, Ind.....	6. 650
Colorado & S. Ry. Co.....	Boulder County, Colo.....	3. 550
Chicago, M., St. P. & P. R. Co.....	DeKalb, Kane, Kendall, and Will Counties, Ill.....	47. 300
Delta Valley & S. Ry. Co.....	Mississippi County, Ark.....	11. 000
Denver & R. G. W. R. Co. trustees.....	Gunnison County, Colo.....	4. 080

*Certificates of convenience and necessity for abandonment of lines of railroad or the operation thereof, issued under section 1 (18) of the Interstate Commerce Act, as amended—Continued*

Name of applicant	Location of line	Miles
Duluth, M. & I. R. Ry. Co.	St. Louis and Lake Counties, Minn.	1. 670
El Paso & S. W. R. Co. and Southern Pac. Co.	Otero County, N. Mex.	31. 560
Feather River Ry. Co.	Butte County, Calif.	10. 050
Gainesville M. R. Co.	Hall, Jackson, Barrow, and Walton Counties, Ga.	34. 000
Grand Rapids & I. Ry. Co. and Pennsylvania R. Co.	Grand Traverse County, Mich.	. 363
Great Western Ry. Co.	Weld and Adams County, Colo.	23. 016
Green Bay & W. R. Co.	Waupaca County, Wis.	9. 710
Illinois Terminal R. Co.	Vermilion County, Ill.	1. 560
Lexington T. R. Co., Atlantic Coast Line R. Co., and Louisville & N. R. Co.	Oglethorpe County, Ga.	1. 440
Louisville & N. R. Co.	Whitley County, Ky.	2. 490
Manistee & N. E. Ry. Co.	Manistee County, Mich.	. 266
Nelson & A. Ry. Co.	Nelson County, Va.	4. 500
Nevada Copper Belt Ry. Co.	Lyon County, Nev.	28. 000
Norfolk & W. Ry. Co.	Mercer and McDowell Counties, W. Va.	5. 480
Oahu Ry. & L. Co.	Honolulu County, Hawaii.	81. 280
Oregon Pac. & E. Ry. Co.	Lane County, Oreg.	8. 000
Oregon Short Line R. Co. and Union Pac. R. Co.	Canyon and Owyhee Counties, Idaho.	10. 890
Oregon-Washington R. & N. Co. and Union Pac. R. Co.	Columbia County, Wash.	5. 234
Ouachita & N. W. R. Co.	Caldwell and La Salle Parishes, La.	10. 500
Pacific Coast R. Co.	King County, Wash.	7. 250
Pacific Electric Ry. Co.	Los Angeles County, Calif.	. 990
Do	do	2. 004
Pennsylvania R. Co. and Reading Co.	Schuylkill County, Pa.	7. 800
Petaluma & S. R. R. Co.	Sonoma County, Calif.	2. 557
Pittsburg County Ry. Corp.	Pittsburg County, Okla.	18. 440
Pittsburgh & W. Va. Ry. Co.	Allegheny County, Pa.	1. 121
Pittsburgh, S. & N. R. Co. and Kersey R. Co.	Steuben, Alleghany, and Cattaraugus Counties, N. Y., and McKean, Elk, Clearfield, and Jefferson Counties, Pa.	190. 460
Pittsburgh, McKeesport & Y. R. Co. and Pittsburgh & L. E. R. Co.	Fayette County, Pa.	5. 630
Potomac Edison Co.	Frederick County, Md.	9. 680
Rio Grande & E. P. Ry. Co.	Webb County, Tex.	7. 000
St. Louis & O. R.	St. Clair County, Ill.	4. 340
San Antonio, U. & G. R. Co., trustee.	Dimmit County, Tex.	4. 787
Somerset Coal Ry. Co. and Western Maryland Ry. Co.	Somerset County, Pa.	2. 233
Southern Pac. Co.	Marion County, Oreg.	20. 568
Do	Polk County, Oreg.	2. 524
Southern Ry. Co.	Jefferson County, Ky.	. 733
Suncook Valley R.	Merrimaek and Belknap Counties, N. H.	4. 570
Texas & N. O. R. Co.	Dallas County, Tex.	3. 700
Texas & Pac. Ry. Co.	St. Landry Parish, La.	24. 100
Do	Acadia Parish, La.	20. 000
Tonopah & G. R. Co.	Esmeralda, Nye, and Mineral Counties, Nev.	97. 280
Tonopah & T. R. Co. Ltd.	San Bernardino and Inyo Counties, Calif. and Nye County, Nev.	169. 070
Tremont & G. Ry. Co.	Grand and La Salle Parishes, La.	3. 200
Union Electric Ry. Co.	Montgomery and Labette Counties, Kans. and Nowata County, Okla.	77. 000
Utah Idaho Central R. Corp.	Weber, Box Elder, and Cache Counties, Utah, and Franklin County, Idaho.	114. 700
Vermont & Massachusetts R. Co. and Boston & M. R.	Franklin County, Mass.	1. 450
Winona R. Co.	Kosciusko, Fulton, and Miami Counties, Ind.	39. 620
Wood River Branch R. Co.	Washington County, R. I.	5. 670
Total number of miles.		1, 241. 114

85 applications filed involving	Miles	1, 073. 505
63 certificates issued permitting abandonment of		1, 241. 114
1 application denied in part involving		2. 000
1 application dismissed involving		13. 430
Abandonments permitted since effective date of act, 32, 292 miles.		

*Certificates of convenience and necessity for acquisition and/or operation of lines of railroads issued under section 1 (18) of the Interstate Commerce Act, as amended*

Name of applicant	Location of line	Miles
Amador Central R. Co.....	Amador County, Calif.....	11.790
Carbon County Ry. Co.....	Carbon and Emery Counties, Utah.....	5.824
International-G. N. R. Co. trustee.....	Webb County, Tex.....	5.000
Kansas City S. Ry. Co. and Texas & N. O. R. Co.....	Calcasieu Parish, La.....	4.830
Kenosha M. C. L. Inc.....	Milwaukee and Waukesha Counties, Wis.....	23.470
Oregon Pac. & E. Ry. Co.....	Lane County, Ore.....	7.134
Petaluma & S. R. R. Co.....	Sonoma County, Calif.....	1.920
Youngstown & S. Ry. Co.....	Columbiana County, Ohio and Beaver County, Pa.....	12.350
Total number of miles.....		72.318

5 applications filed involving.....	Miles 50.138
8 certificates issued involving.....	72.318

*Authorizations under section 5 (2) of the Interstate Commerce Act, as amended, involving railroad properties*

Acquiring carrier	Owning carrier	Miles	How acquired
Atchison, T. & S. F. Ry. Co.....	Denver & R. G. W. R. Co.....	13.290	Trackage rights.
Do.....	Wabash R. Co.....	28.960	Do.
Bamberger, Julian M.....	Bamberger R. Co. and Salt Lake R. & B. T. Co.....	37.620	Ownership of stock.
Bamberger R. Co.....	Salt Lake R. & B. T. Co.....	1.620	Do.
Boston & M. R.....	Pemigewasset Valley R.....	21.400	Purchase.
Brooks-Scanlon, Inc.....	South Georgia Ry. Co.....	77.480	Ownership of stock.
Chesapeake & O. Ry. Co. and Alleghany Corp. <sup>2</sup>	Pere Marquette Ry. Co.....	1505.660	Merger.
Chicago, B. & Q. R. Co.....	Baltimore & O. S. W. R. Co.....	54.200	Modified operating agreement.
Do.....	Missouri & Illinois B. & B. R. Co.....	5.000	Ownership of stock.
Chicago G. W. Ry. Co.....	Chicago & N. W. Ry. Co.....	3.706	Trackage rights.
Chicago, R. I. & P. Ry. Co.....	Burlington, M. & N. W. Ry. Co.....	5.890	Ownership of stock and lease.
Delaware, L. & W. R. Co.....	Greene R. Co.....	8.100	Merger.
Do.....	Cayuga & S. R. Co.....	34.240	Ownership of stock and merger.
Do.....	Passaic & D. E. R. Co.....	7.410	Ownership of stock.
Do.....	Passaic & D. E. R. Co. and Morris & E. E. R. Co.....	9.330	Merger.
East St. Louis J. R. Co.....	St. Louis N. S. Co.....	( <sup>3</sup> )	Amended lease.
Gulf, M. & O. R. Co.....	East St. Louis C. Ry. Co., Terminal R. A. of St. L., Lessee.....	.800	Trackage rights.
Do.....	Kansas City, St. L. & C. R. Co. and Kansas City T. Ry. Co.....	157.000	Lease, ownership of stock and joint use.
Illinois Central R. Co. and Missouri Pac. R. Co. trustee.....	Jefferson S. W. R. Co.....	10.855	Modified operating agreement.
Leary, A. T. <sup>1</sup>	Beaufort & M. R. Co.....	3.170	Lease.
Manistee & N. E. Ry. Co.....	Pere Marquette Ry. Co.....	.240	Trackage rights.
Middletown & N. J. Ry. Co.....	Middletown & U. R. Co. and New York, O. & W. Ry. Co.....	14.103	Purchase and lease.
Missouri-Kansas-Texas R. Co. of Tex. and International-G. N. R. Co. trustee.....	Galveston, H. & H. R. Co.....	49.500	Modified trackage rights agreements.
New York Central R. Co.....	Cleveland, C. C. & St. L. Ry. Co.....	2.520	Lease.
New York Central R. Co. and Michigan Central R. Co.....	New York, C. & St. L. R. Co.....	1.376	Trackage rights.
New York, C. & St. L. R. Co., Chesapeake & O. Ry. Co., and Alleghany Corp. <sup>2</sup>	Wheeling & L. E. Ry. Co., and Lorain & W. Va. Ry. Co.....	557.000	Ownership of stock.
Do.....	do.....	557.000	Ownership of additional stock.
Oregon S. L. R. Co., Union Pac. R. Co., lessee.....	Central Pac. Ry. Co., Southern Pac. Co., lessee.....	1.830	Purchase.
Pennsylvania R. Co.....	Baltimore & O. R. Co.....	23.000	Trackage rights.

See footnotes at end of table.



*Authorizations under section 5 (2) of the Interstate Commerce Act, as amended, involving railroad properties—Continued*

Acquiring carrier	Owning carrier	Miles	How acquired
Pennsylvania R. Co., Pittsburgh & L. E. R. Co., and New York Central R. Co.	Montour R. Co.-----	83.800	Ownership of stock.
Pennsylvania R. Co., Pittsburgh & L. E. R. Co., New York Central R. Co., and Montour R. Co.	Youngstown & S. Ry. Co.-----	53.960	Do.
Portland Traction Co.-----	Portland E. P. Co.-----	39.500	Purchase.
Reading Co.-----	Port Reading R. Co.-----	19.710	Modified operating agreement.
Do.-----	Wilmington & N. R. Co.-----	70.780	Modified lease.
Salt Lake R. & B. T. Co.	Salt Lake T. Co.-----	1.620	Purchase.
Southern Pac. Co.	Dawson Ry. Co.		Amended lease.
Southern Pac. Co. (Del.)	Southern Pac. Co. (Ky.)-----	8,227.880	Purchase.
Southern Ry. Co.	Louisville & N. R.	16.620	Joint use.
Susquehanna C. Corp.	Valley R. Co.-----	1.000	Ownership of stock.
Tovrea Terminal Co.	Tovrea Packing Co.	(3)	Lease.
Vermont & Massachusetts R. Co., and Boston & M. R.	New York, N. H. & H. R. Co.	3.990	Purchase and lease.
Wabash R. Co.-----	Atchison, T. & S. F. Ry. Co.	28.980	Trackage rights.

<sup>1</sup> Individual.<sup>2</sup> Holding company.<sup>3</sup> Livestock loading and unloading facilities.<sup>4</sup> And terminal facilities at Kansas City, Mo.

42 applications filed.

42 authorizations granted.

2 applications dismissed in whole or in part.

*Authorizations issued under section 5 (2) of the Interstate Commerce Act, as amended, involving water carriers*

Acquiring carrier	Owning carrier	Service	How acquired
Lafferty T. Co.-----	Red Collar Line, Inc.-----	Coeur d'Alene Lake and rivers in Idaho.	Lease.
Mississippi Valley B. L. Co. and Higman T. Co.	Coyle L., Inc.-----	Gulf Intracoastal Waterway and Mississippi River.	Ownership of stock.
Mississippi Valley B. L. Co.	Campbell T. Co.-----	Mississippi River and tributaries.	Merger.

8 applications filed.

3 authorizations granted.

*Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 20a of the Interstate Commerce Act, as amended*

## Stock, common:

For acquisition of property including equipment-----	\$100,000.00
For acquisition of property other than equipment-----	12,000.00
For acquisition of property and securities of other companies-----	16,263,981.00
For exchange for common stock-----	274,572,600.00
For exchange for bonds previously authorized-----	<sup>1</sup> 3,772,763.0564
For exchange for mortgage bonds in connection with reorganization-----	1,000,000.00
For general corporate purposes (not segregated)-----	<sup>1</sup> 5,250
For reorganization-----	5,500.00
	188,830,200.00
	<sup>1</sup> 3,904,845
Total-----	480,784,281.00
	<sup>1</sup> 7,682,858.0564

<sup>1</sup> Shares of stock without par or nominal value.

*Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 20a of the Interstate Commerce Act, as amended—Continued*

Stock, preferred:

For acquisition of property and securities of other companies.....	\$21, 142, 940. 00
For exchange for preferred stock.....	110, 881, 500. 00
For reorganization.....	144, 398, 800. 00
Total.....	276, 423, 240. 00
Total stock.....	{ 757, 207, 521. 00 1 7, 682, 858. 0564

Bonds, debentures:

For pledge.....	944, 000. 00
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Bonds, income-mortgage:

For pledge.....	548, 000. 00
For reorganization.....	127, 601, 500. 00
Total.....	128, 149, 500. 00

Bonds, mortgage:

For acquisition of property other than equipment.....	10, 000. 00
For exchange for bonds previously authorized.....	283, 000. 00
For exchange for bonds previously issued.....	2, 186, 000. 00
For extension of matured funded debt.....	2, 233, 000. 00
For pledge.....	54, 468, 500. 00
For reimbursement of treasury for capital expenditures not capitalized and for additions and improvements to property.....	3, 000, 000. 00
For reorganization.....	259, 230, 300. 00
For retention in treasury subject to further order.....	63, 000. 00
For sale to meet matured funded debt.....	13, 230, 000. 00
For sale to meet unfunded debt.....	2, 070, 000. 00
For sinking fund payments.....	22, 500, 000. 00
For sale to meet unmatured funded debt.....	4, 000. 00
Assumption of obligation and liability in respect of \$821,242,625.....	
Total.....	359, 277, 800. 00

Total bonds.....	488, 371, 300. 00
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Notes, secured:

For acquisition of equipment.....	577, 208. 47
For acquisition of securities of other companies.....	6, 000, 000. 00
For general corporate purposes (not segregated).....	140, 000. 00
For refunding purposes.....	30, 080, 916. 76
For reorganization.....	2, 158, 458. 00
Assumption of obligation and liability in respect of \$2,672,000.....	
Total.....	38, 956, 583. 23

Notes, unsecured:

For acquisition of equipment.....	4, 562, 255. 00
For acquisition of property including equipment.....	1, 000, 000. 00
For general corporate purposes (not segregated).....	500, 000. 00
For reorganization.....	30, 233, 350. 00
For sale to redeem stock.....	1, 995, 000. 00
Assumption of obligation and liability in respect of \$12,872,498.25.....	
Total.....	38, 290, 605. 00

Total notes.....	77, 247, 188. 23
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<sup>1</sup> Shares of stock without par or nominal value.

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*Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 20a of the Interstate Commerce Act, as amended—Continued*

## Equipment obligations:

Assumed by carriers-----	\$247, 730, 000. 00
Assumption of obligation and liability in respect of \$77,319,000.	

## Notes, trustees:

For general purposes (not segregated)-----	10, 000. 00
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Grand total securities-----	{ 1, 570, 566, 009. 23
	{ 1 7, 682, 858. 0564

103 applications filed.

100 applications approved.

7 applications dismissed.

*Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 214 of the Interstate Commerce Act, as amended*

## Stock, common:

For acquisition of common stock and for corporate purposes-----	1 41, 655
For acquisition of common stock and of property-----	\$84, 000. 00
For acquisition of property including equipment-----	365, 000. 00
For exchange for common stock-----	{ 251, 000. 00
	{ 1 6, 699, 023
For exchange for common stock previously issued-----	1 132, 400. 00
For exchange for preferred stock-----	1 116, 000. 00
For general corporate purposes-----	200, 000. 00
For stock dividend-----	3, 113, 909. 00
Total-----	{ 5, 146, 309. 00
	{ 1 6, 856, 678

## Stock, preferred:

For acquisition of capital stock and for corporate purposes-----	1, 041, 300. 00
For stock dividend-----	1, 000, 000. 00
Total-----	2, 041, 300. 00
Total stock-----	{ 7, 187, 609. 00
	{ 1 6, 856, 678

## Bonds, debenture:

For exchange for common stock-----	250, 000. 00
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## Bonds, mortgage:

For acquisition of securities of other companies-----	1, 000, 000. 00
For exchange for bonds previously issued-----	6, 462, 000. 00
Total-----	7, 462, 000. 00
Total bonds-----	7, 712, 000. 00

## Notes, secured:

For acquisition of equipment-----	1, 459, 674. 86
For acquisition of property and securities of other companies-----	320, 000. 00
For construction of facilities-----	485, 000. 00
For exchange for notes previously issued-----	2, 726, 201. 31
For exchange for unfunded debt-----	1, 000, 000. 00

<sup>1</sup> Shares of stock without par or nominal value.



*Authorization of the issuance of securities and the assumption of obligations and liabilities in respect of the securities of others under section 214 of the Interstate Commerce Act, as amended—Continued*

Notes, secured—Continued

For refunding purposes.....	\$520,000.00
For general corporate purposes (not segregated).....	2,050,149.26
For reimbursement of treasury for capital expenditures not capitalized.....	268,000.00
Assumption of obligation and liability in respect of \$123,094.....	

Total.....	8,829,025.43
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Notes, unsecured:

For acquisition of equipment.....	1,600,000.00
For acquisition of property and securities of other companies.....	100,000.00
For acquisition of securities of other companies.....	1,000,000.00
For exchange for notes previously issued.....	160,512.91
For general corporate purposes (not segregated).....	500,000.00
Assumption of obligation and liability in respect of \$136,000.....	

Total.....	3,360,512.91
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Total notes.....	12,189,538.34
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Grand total securities.....	{ 27,089,147.34 1 6,856,678
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<sup>1</sup> Shares of stock without par or nominal value.

34 applications filed.  
33 applications approved.  
1 application denied.  
1 application dismissed.

*Bond issues sold at competitive bidding, authorized under section 20a of the Interstate Commerce Act, as amended, from Nov. 1, 1946, to Oct. 31, 1947*

Name of company and description of issue	Year	Principal amount	Coupon rate	Date bids opened	Number of bids	Price to company	Interest cost	Price to public	Gross spread
Pittsburgh, Bessemer & Lake Erie Railroad Company, first-mortgage series A bonds.....	1996	\$12,000,000	2½	Dec. 17, 1946	4	98.8099	Pct. 2.92	100.00	1.1901
Southern Pacific Company, San Francisco Terminal first-mortgage bonds, series A.....	1975	22,500,000	3½	May 13, 1947	2	99.30	3.41	100.45	1.15
Providence & Worcester Railroad Company first-mortgage bonds, series A.....	1967	1,500,000	4¾	Sept. 17, 1947	2	100.51	4.71	101.95	1.44

*Status of outstanding loans under section 210 of the Transportation Act, 1920, as amended*

PRINCIPAL AND INTEREST IN DEFAULT ON OCTOBER 1, 1947

Carrier	Principal	Interest
Georgia & F. Ry. Co. receiver.....	\$792,000	\$871,600.00
Waterloo, C. F. & N. Ry. Co.....	1,200,000	1,875,255.71
Total in default.....	1,992,000	2,746,855.71

## APPENDIX E

### RAILROAD COMPANIES IN REORGANIZATION (OR RECEIVERSHIP) PROCEEDINGS

	<i>Mileage operated 1946</i>
Proceedings under section 77 (chapter VII):	
Boston & Providence Railroad Corporation <sup>1</sup> .....	-----
Boston Terminal Company.....	13
Central of Georgia Railway Company.....	1, 816
Central Railroad Company of New Jersey.....	419
Chicago, Rock Island and Pacific Railway Company.....	7, 650
Des Moines & Central Iowa Railroad.....	67. 64
Duluth, South Shore and Atlantic Railway Company.....	530
Florida East Coast Railway Company.....	682
Georgia, Florida & Alabama Railroad Company <sup>2</sup> .....	-----
Meridian and Bigbee River Railway Company.....	50
Missouri Pacific Railroad Company.....	9, 883
New Jersey & New York Railroad Company.....	39
New York, Ontario & Western Railway Company.....	547
New York, Susquehanna & Western Railroad Company.....	120
Rutland Railroad Company.....	407
Smoky Mountain Railroad.....	31
Wisconsin Central Railway Company <sup>3</sup> .....	-----
Receivership proceedings (steam railroads):	
Georgia & Florida Railroad.....	408
Missouri & Arkansas Railway Company.....	365
Rio Grande Southern Railroad Company <sup>4</sup> .....	172
Tallulah Falls Railway Company <sup>5</sup> .....	57
Waco, Beaumont, Trinity & Sabine Railway Company.....	42
Yreka Western Railroad Company.....	8
Receivership proceedings (electric railroads): Utah Idaho Central Rail- road Corporation.....	117. 12

<sup>1</sup> Owned mileage 61. Leased to Old Colony Railroad Company; operated by New York, New Haven & Hartford Railroad Co.

<sup>2</sup> Owned mileage 133. Leased to Seaboard Air Line Railroad Company.

<sup>3</sup> Owned mileage 898. Operated by Minneapolis, St. Paul & Sault Ste. Marie Ry. Co.

<sup>4</sup> Controlled by Denver & Rio Grande Western Railroad Co.

<sup>5</sup> Controlled by Southern Railway Co.

## APPENDIX F

### STATEMENT OF APPROPRIATIONS AND OBLIGATIONS FOR THE FISCAL YEAR ENDED JUNE 30, 1947

An Act making appropriations for the executive office and sundry independent  
\* \* \* Commissions \* \* \* for the fiscal year ending June 30, 1947,  
and for other purposes, approved March 28, 1946:

For expenses necessary in performing the functions vested by law in the Commission (49 U. S. C. 1-24, 301-327, 901-923, 1001-1022), except those otherwise specifically provided for in this act, and for general administration, including one chief counsel, one director of finance, one director of motor transport, and one director of traffic at \$10,000 each per annum; contract stenographic reporting services; personal services in the District of Columbia; procurement and exchange of books, reports, newspapers, and periodicals; and purchase (not to exceed thirty-seven), maintenance, repair, and operation of passenger automobiles; provided, that joint board members and cooperating State commissioners may use government transportation request when traveling in connection with their duties as such: provided further, that not to exceed \$5,000 may be used for the purchase of evidence in connection with the investigation of apparent violations of said act:

General expenses-----	\$8, 075, 000	
Joint Resolution 159, Public Law 25-----	793, 100	
Transferred to Penalty Mail Second Deficiency Appropriation Act, 1947-----	-2, 500	
		\$8,865,600

For expenses necessary in performing functions authorized by law (45 U. S. C. 1-15, 17-21, 35-46, 61-64; 49 U. S. C. 26) to insure a maximum of safety in the operation of railroads; including authority to investigate, test experimentally, and report on the use and need of any appliances or systems intended to promote the safety of railway operation, including those pertaining to block-signal and train-control systems, as authorized by the joint resolution approved June 30, 1906, and the Sundry Civil Act of May 27, 1908 (45 U. S. C. 35-37), and to require carriers by railroad subject to the Act to install automatic train-stop or train-control devices as prescribed by the Commission (49 U. S. C. 26), including the employment of inspectors, necessary engineers, personal services in the District of Columbia, and travel expenses:

Railroad safety-----	812, 000	
Joint Resolution 159, Public Law 25-----	56, 500	
		868, 500



For expenses necessary in the enforcement of the Act of February 17, 1911, entitled "An Act to promote the safety of employees and travelers upon railroads by compelling common carriers engaged in interstate commerce to equip their locomotives with safe and suitable boilers and appurtenances thereto," as amended (45 U. S. C. 22-34), including traveling expenses and personal services in the District of Columbia:

Locomotive inspection.....	\$535, 000	
Joint Resolution 159, Public Law 25.....	52, 100	
		\$587, 100

For all printing and binding for the Interstate Commerce Commission, including not to exceed \$17,000 to print and furnish to the States, at cost, blank annual report forms of common carriers, and the receipts from such sales shall be credited to this appropriation:

Printing and binding.....		175, 000
For deposit in the general fund of the Treasury for cost of penalty mail of the Interstate Commerce Commission as required by section 2 of the Act of June 28, 1944:		
Penalty mail.....	24, 000	
Second Deficiency Appropriation Act, 1947---	2, 500	
		26, 500
Total.....		10,522,700

Amounts obligated under appropriations for the fiscal year ended June 30, 1947:

General expenses.....	\$8, 814, 133
Railroad safety.....	836, 412
Locomotive inspection.....	577, 143
Printing and binding.....	167, 963
Penalty mail.....	24, 752
Total.....	10, 420, 403

Unobligated balances of appropriations:

General expenses.....	51, 467
Railroad safety.....	32, 088
Locomotive inspection.....	9, 957
Printing and binding.....	7, 037
Penalty mail.....	1, 748
Total.....	102, 297
Total.....	10, 522, 700

Statement of receipts from fees paid during the fiscal year ended June 30, 1947, as required by Section 313 of Public, No. 212, Seventy-second Congress (5 U. S. C. 104a):

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